

Friends, Family, and the Flat World: The Geography of Crowdfunding*

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Abstract

The internet facilitates rich yet inexpensive communication across large distances. Thus it may not be surprising that a striking feature of online “crowdfunding” is the geographic dispersion of financiers of small, early-stage projects. This contrasts with existing theories that predict early-stage investors and their investments will tend to be co-located due to distance-sensitive costs such as face-to-face meetings for conducting due diligence, monitoring progress, and providing input. We examine a crowdfunding setting that connects unsigned artists with investors over the internet for financing the production of recorded music. The average distance between artists and their investors is about 5,000 km, suggesting a reduced role for spatial proximity. Still, distance does play a role. Within a single round of financing, local investors invest relatively early and appear less responsive to the cumulative amount the artist has already raised. We show this geography effect is driven by investors who likely have a personal connection with the artist (“family and friends”). However, many individuals invest more than once during a project’s funding cycle, but the timing difference only persists for the first investment. Thus, the online platform seems to eliminate most distance-related economic frictions, but not the social-related frictions (search costs) related to establishing the consideration set.

JEL Classifications: R12, Z11, L17, G21, G24

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1 Introduction

Online platforms reduce offline frictions that inhibit market transactions by sharply lowering communication costs, particularly over large distances. We examine what is perhaps the most striking effect of diminished communication costs in the case of online crowdfunding - the geographic dispersion of investors in early-stage projects. For example, we find a mean distance between investors and their investments of approximately 5,000 km. We exploit data on the geography and timing of financial transactions in crowdfunding to examine distance-related frictions the internet does not overcome and the role of offline social networks in mediating those frictions.

The geographic properties of crowdfunding are interesting since, although distant investors are common for publicly traded companies, theory predicts (and evidence supports) that investments in early-stage ventures will tend to be local. That is because face-to-face interactions for conducting due diligence, monitoring progress, and providing input are relatively important for investors in early-stage ventures and the costs of these activities are sensitive to distance. Furthermore, early-stage not-for-profit ventures seeking donors face similar criteria when seeking funding. As Stanley Katz states in his Handbook chapter on philanthropy in the arts (Katz 2006), “At the ‘venture’ end of the new philanthropy, the entrepreneurial techniques of venture capital are being applied (Letts, Ryan, and Grossman (1997)). Donees are analogized to start-up firms, donors partner with them, establishing specific and measurable benchmarks, and continuing their investments only if periodic goals are met” (page 1311).

Most empirical evidence on the geography of early-stage capital supports this localization claim (Tribus 1970, Florida and Kenney 1988, Florida and Smith 1993, Lerner 1995, Sorenson and Stuart 2001, Powell, Koput, Bowie, and Smith-Doerr 2002, Zook 2002, Mason 2007). Specifically, Sorenson and Stuart (2005) report that the average distance between lead VC and target firm is approximately 70 miles (112 km). Similarly, Sohl (1999) and Wong (2002) report that angel investors locate close to the entrepreneurs they finance (more than 50% are within half a day of travel).

Crowdfunding platforms are purposefully designed to overcome distance-related frictions. Most have three common properties: 1) they provide a standardized format for entrepreneurs to present

their project in a comprehensive manner to anyone with internet access, 2) they allow for small financial transactions (e.g., USD\$10) to enable broad participation with limited downside risk, and 3) they provide investment information (i.e., cumulative amount raised to date and the online identity of current investors) as well as tools for investors to communicate with each other. In our setting where the entrepreneurs are artists seeking capital to record their first album, the platform enables them to showcase prototypes of their music, present a business plan outlining how they will spend their funds, and pitch their project to a community of online investors. In this way, and consistent with prior research in retail and advertising that examines how the online setting allows people to overcome offline barriers to market transactions (Choi and Bell 2010, Brynjolfsson, Hu, and Rahman 2009, Goldfarb and Tucker 2010), crowdfunding platforms can help reduce market frictions associated with geographic distance.

Although the role of geography appears to be greatly diminished in our data when we consider aggregate investment at the end of the funding process, an important distinction between local and distant investors comes into sharp relief when we examine investment patterns over time within a single round of financing. We employ a difference-in-difference-like approach to compare first the difference between local and distant investors in terms of their propensity to invest in a given period and then how this difference changes with the publicly visible investment decisions of others. We find that the timing of distant, but not local, investments is very responsive to the cumulative level of funding already raised.

Why might local investors differ from distant investors in their responsiveness to the investment decisions of others? The entrepreneurial finance literature makes frequent reference to the role of family and friends (F&F) as an important source of capital for early stage ventures.¹ Parker (2009) reports that 31% of start-ups' funds come from family and friends. Researchers have emphasized family and friends' informational advantages concerning the quality of the entrepreneur. For example, Cumming and Johan (2009) assert that "Apart from the founding entrepreneur's savings, family and friends [...] are a common source of capital for earliest-stage entrepreneurial firms. An

¹Despite the acknowledged importance of F&F, there are surprisingly few empirical studies focussed on this form of investment, likely owing to a paucity of data. However, as Cumming and Johan (2009) note, "Recent efforts spurred by the Kaufmann Foundation have begun to fill this gap, but there is significant work to be done in gathering systematic data."

entrepreneur without a track record typically has an easier time raising this type of capital because these investors will have known the entrepreneur for a long time. In other words, information asymmetries faced by [family and friends] are lower than those faced by other sources of capital.” Given the local nature of social networks (Hampton and Wellman 2002), these family and friends tend to be disproportionately local.

We code each investor-artist pair with an indicator variable for “family and friends” (F&F) based on particular behavioral traits they exhibit on the website (and check robustness using information from 18 artists who specifically identified their friends and family among their investors). We find that F&F are disproportionately co-located with the artists they invest in, although, importantly, there are also many local investors who are not F&F and many F&F investors who are distant. We then apply another “difference” to our empirical analysis, comparing how the effect of the cumulative funding already raised on the propensity to invest in a given period is mediated by distance after controlling for F&F. The distance effect disappears.

Finally, we examine which types of information socially connected individuals appear to use. Our results suggest that search costs likely explain much of the difference between F&F and other investors. Specifically, the difference is primarily driven by the first investment an investor makes in a particular asset. We see little difference in the timing of investments after the first. Of the various types of information held by F&F (e.g., knowledge of the artist’s underlying quality, tendency to persevere, recover from setbacks, succeed in other endeavors), this suggests that simple knowledge of the artist matters a great deal. Non-F&F investors need to rely on the search engine and recommendation systems provided by the crowdfunding platform; in contrast, F&F investors do not face these search costs. Because search can be cumbersome, even online (Lynch and Ariely 2000, Smith and Brynjolfsson 2001, Baye, Morgan, and Scholten 2006), F&F investors behave differently because they are not guided in the same way by recommendation engines (Fleder and Hosanagar 2009).

We interpret these results as implying that the crowdfunding platform eliminates most distance-related economic frictions normally associated with financing early stage projects, such as acquiring information (e.g., local reputation, stage presence), monitoring progress, and providing input. How-

ever, it does not eliminate social-related frictions associated with the type of information about the artist that is more likely to be held by socially connected individuals, which influences the formation of a consideration set (e.g., how the investor should allocate their time in terms of which artists to investigate for potential investment). This interpretation, which emphasizes the importance of interpersonal relations in early-stage finance, is consistent with the findings of Nanda and Khanna (2010), who report that cross-border social networks play a particularly key role when access to capital is especially difficult.

These results lead us to speculate that there may be path dependency in the process of accessing distant investors online. To the extent that distant investors disproportionately rely on information revealed in the investment decisions of others, friends and family might play an important role in making early investments that generate that information. Conti, Thursby, and Rothaermel (2010) argue that investments by family and friends can signal the entrepreneur’s commitment to the venture. If true in the crowdfunding setting, then this would imply a limitation to the “equal access for all” potential of the internet. Communications technologies enable entrepreneurs from anywhere to access capital globally, but in reality only those with a sufficient base of offline support may be able to do so.

This paper offers three contributions. First, we provide the first empirical examination of the geography of crowdfunding, which is a phenomenon of increasing economic importance.² For example, in response to the rapid growth of online social networks and private sector calls for relaxing rules against raising equity-like capital through these networks, SEC Chairman Mary Schapiro recently identified crowdfunding as worthy of her agency’s attention, which, she noted, has been “discussing crowdfunding and possible regulatory approaches.”³ Second, we contribute to the growing literature on social networks and geography. In our case, offline social networks fully explain the difference in the timing of investments between local and distant investors. Finally,

²Although crowdfunding is presently small in terms of overall economic activity, it is growing in both the variety of sectors to which is applied and the overall value of transactions (Lawton and Marom 2010). In our discussion, we build on several papers that have documented the importance of herding in crowdfunding settings mostly using data from Prosper.com, including Zhang and Liu (2010) and Freedman and Jin (2010). Furthermore Freedman and Jin (2010) and Lin, Prabhala, and Viswanathan (2009) both document the important role of *online* social groups in online lending. Broadly, these papers are complementary to our examination of how herding-like behavior differs by offline social proximity.

³Wall Street Journal, April 22, 2011 “Startup America Embraces Crowdfunding”

we contribute to the growing literature on the economics of search by offering insight into a key economic friction mediated by offline social networks, namely search costs associated with the formation of a consideration set for investment.

2 Empirical Setting

2.1 Sellaband

Sellaband is an Amsterdam-based, online platform that enables unsigned musicians to raise financing to produce an album. Launched on August 15, 2006, it was one of the first mainstream websites of its kind and has been referred to as the “granddaddy of crowdfunding” (Kappel 2009) since it was dominant among the first generation of crowdfunding platforms. At the time of our data, the Sellaband website worked as follows:⁴

Musical artists set up a profile page on Sellaband, at no charge, where they include a photo, bio, links, blog postings, and up to three demo songs.⁵ Investors search the website, learn about artists, listen to their demos and, if they choose, buy one or more shares in an artist’s future album at \$10 per share. Investors see information posted by the artist as well as how much financing the artist has raised to date. Figure 1 provides a picture of a typical artist profile. Funds raised are held in escrow and may not be accessed until the artist has sold 5,000 shares (raising \$50,000). Upon raising \$50,000, the artist may spend those funds according to a plan they develop that is approved by Sellaband to record their album. As they incur expenses, they send vendor invoices to Sellaband for payment. After the album is completed, the revenues from album sales are split equally three ways between the artist, investors, and Sellaband. Investors also receive a compact disc (CD). During our period of observation, approximately three years, 34 artists raised the full \$50,000.

⁴The website has changed substantially since September 2009, reducing the focus on early-stage artists, limiting the ability to receive a monetary return, and allowing more flexibility to artists in the amount they can raise and how they can use their funds.

⁵A “demo,” short for “demonstration recording,” is an informal recording made solely for the purpose of pitching a song rather than for release. It is effectively a prototype of the song that they plan to later record professionally. It is a way for musicians to approximate their ideas and convey them to record labels, producers, or other artists (Passman 2009).

The individuals and groups posting their music on Sellaband are typically early-stage artists who have never signed a contract with a record label, recorded a professional album, or performed live beyond local pubs and cafes. At this stage of their careers, their income from live shows and music sales is negligible. In other words, these individuals face many of the same financing challenges and constraints as entrepreneurs in many other settings. Artists use Sellaband to raise capital to finance the recording of an album. They market themselves, develop a budget, create a plan for promoting their product, and raise financing. Sellaband therefore provides a platform for artists to engage in entrepreneurial activities with a community of investors.

In describing our results we refer to the people providing funds as “investors”. Of course, many of these investors may also have philanthropic or other utility seeking motivations. In fact, Sellaband refers to investors on the platform as “believers.” Some crowdfunding platforms are explicitly designed with philanthropic intentions. For example, Kiva, a platform which focuses on lending to entrepreneurs in developing countries, does not allow lenders to charge interest and thus provides no mechanism for earning a return on their capital. Galak, Small, and Stephen (2011) document that crowdfunding on Kiva is a hybrid decision, with both financial and charitable aspects. On Sellaband, a platform designed to accommodate profit-seeking investment motivations by way of a revenue sharing agreement that is tied to the level of investment, individuals may also be motivated by non-pecuniary returns such as utility from being philanthropic to help artists achieve their goals. However, even philanthropically-motivated individuals must allocate scarce resources. While they may not be focused on a pecuniary return on investment, they are focused on some type of return on their investment and therefore are motivated to select wisely amongst many projects competing for their donations. Sellaband artists compete for investors. They pitch their projects and enter into contracts that commit them to sharing their revenue with investors. In summary, even individuals who commit funds to projects for non-pecuniary reasons are likely to be sensitive to the types of costs that traditionally favor financial transactions between co-located individuals. As such, we refer to individuals who participate in crowdfunding as investors throughout the paper, keeping in mind that they may not be motivated by purely pecuniary returns on their investment.

2.2 Data

Our data contain every investment made on Sellaband from its launch in August 2006 until September 2009. Over this period, there were 4,712 artist-entrepreneurs on Sellaband who received at least one \$10 investment. Of these, 34 raised the \$50,000 required to access their capital to finance the making of their album. The distribution of investments in these artists is highly skewed: these 34 raised 73% of the \$2,322,750 invested on the website.

To explore the role of geography in the crowdfunding of early-stage entrepreneurial projects, we used geographic information disclosed by artists and investors on Sellaband. For artists, location was cross-checked with their official website, MySpace, and Facebook profiles. We used the Google Maps APIs⁶ to retrieve latitude and longitude for each location⁷ and to standardize city names. We then manually checked locations and in the case of multiple or ambiguous matches either cleaned further or coded as missing. Finally, we calculated geodesic distances between artists and investors using a method developed by Thaddeus Vincenty and implemented by Austin Nichols (Nichols 2003). In our focal sample, we have distance measures for 90% of artist-investor pairs.

The other data we use in our main specifications is the cumulative investment raised by the artist from all investors as of the previous week. In some specifications, we also use song and video uploads that artists post on the website and investor proximity to concert locations (and the dates of those concerts).

We focus our analysis on investments in the 34 artists who raised \$50,000, examining the timing of investment and types of investors. We focus on these 34 for several reasons. First, they are more comparable with each other in terms of their performance on the site because they have each successfully gone through the full funding cycle. Second, we eliminate concerns about right truncation of the data by focusing on artists who complete the funding cycle. Third, we have geographic location information for the vast majority of the investors in these 34 artists because investors must give their location in order to receive their CD. Fourth, focusing on these 34 eliminates musicians who use Sellaband sporadically and do not treat the platform as a place

⁶See <http://code.google.com/apis/maps/> (accessed 13-04-2010)

⁷According to the data available, we used country, region, city name, and zipcode or country-region-city triads or country-city pairs.

for serious entrepreneurial activity. Finally, since these 34 artists account for nearly three-quarters of all funds raised on Sellaband, we argue that little information is lost by focusing on them (and our robustness checks to other samples confirm this).

The main sample is therefore constructed by taking the 34 artists who reach \$50,000 during our observation period. Artists enter the sample when they receive their first investment and exit when they reach the target. The resulting panel is unbalanced. We identify every investor who invested at least once in one of these 34 artists. Investors enter the sample when they make their first investment on Sellaband (in any artist) because their profile becomes visible to artists and other investors at that time. Investors never exit the sample.

Our main (\$50K) sample of artist-investor pairs is the Cartesian product of the 34 successful artists and all investors who invest at least once in one of them. Each pair appears during each week in which both the artist and the investor are in the sample.⁸ Because we use artist-investor pair fixed effects in our regression analysis, pairs with no investments are dropped. There are 18,827 artist-investor pairs with at least one investment from the investor in the artist and 709,471 artist-investor-week observations.

We present descriptive statistics for the \$50K sample in Table 1a. Of these successful artists, the average takes approximately one year (53 weeks) to reach \$50,000, although there is considerable variation around the mean from just under two months to more than two years. The source of financing is widely distributed; on average artists raise their financing from 609 different investors. Across the 34 \$50K-artists, there are 8,149 unique investors. On average, these investors invest in 2.5 \$50K-artists, making 4.3 distinct investments (i.e., they often invest on more than one occasion in a single artist). They invest a total of \$227 across all \$50K-artists during the period under study. In terms of artistic effort, these artists post 4.3 demo songs on their profile during the fundraising process, above and beyond the songs they post when they first launch their profile.⁹

⁸For example, if Artist 1 receives her first investment in week 10 and reaches \$50K in week 20, then she will appear in the sample from weeks 10 through 20. If Investor 2 made his first investment in week 5, then he is paired with Artist 1 for weeks 10 through 20. If Investor 3 made his first investment in Week 18, then he is paired with Artist 1 for weeks 18 through 20.

⁹Many artists launch their profile with three songs - the maximum number the system accommodates. It is likely that all of these \$50K-artists launched their profile with three songs, meaning the average number of songs per artist is 7.3 (3+4.3). We only have data on songs added, not the number of songs posted at the time of launching a new profile.

In the full sample of artists (Table 1b), the average artist only has 11.4 investors. Overall, investors spend an average of \$226 on Sellaband, spread over 3.5 artists and 5.5 different investment occasions.

2.3 Geographic variance on Sellaband

Figure 2a presents the geographic distribution of the 34 artists who raise \$50K. They are distributed over five continents with the majority in Europe and the United States. Figure 2b illustrates the geographic distribution of investors in these artists. They represent 80 countries and are also particularly concentrated in Europe and the eastern United States.

Despite this wide geographic variation, investors are disproportionately likely to invest in local artists. Conditional on making at least one investment in any artist on Sellaband, 3% of individuals who are within 100 km of an artist invest.¹⁰ In contrast, only 0.9% of investors who are distant to an artist invest. In this way, investors are disproportionately local. At the same time, there are many more distant investors and therefore in aggregate they account for the vast majority of total investments.

3 Empirical Strategy

Our econometric analysis is a straightforward framework at the artist-investor-week level. Investor i will invest in artist a in week t if the expected value from investment is positive:

$$v_{ait} = \beta CumulativeInv_{at-1} + \gamma X_{ait} + \mu_{ai} + \psi_t + \epsilon_{ait}$$

where v_{ait} is the value of investing in artist a at time t by investor i . The value from investment includes both the monetary expected return of investment as well as any consumption utility derived from investing in that artist. β is the perceived marginal value of cumulative investment as of the previous week. For example, a higher cumulative investment may indicate that more investors perceive the artist to be of high quality and therefore a better investment. Alternatively, investors

¹⁰In order to simplify the analysis, we group all artist-investor pairs within 100 km as “local” and all others as “distant.” Our results are robust to other thresholds.

may derive more consumption utility from investing in artists who are closer to the \$50K threshold. In our main specification, $CumulativeInv_{at-1}$ is included as a vector of dummy variables defined by the \$10000 cumulative investment thresholds. In addition, γ is the perceived marginal value of the controls (X_{ait}) including a control for time since the artist began on Sellaband, μ_{ai} is an artist-investor fixed effect to control for overall tastes of the investor, ψ_t is a week fixed effect to control for changes in the Sellaband environment over time, and ϵ_{ait} is an idiosyncratic error term.

Because v_{ait} is a latent variable, we instead examine the decision to invest. Therefore, to understand the value to the investor in investing in artist a at time t we use the following discrete choice specification:

$$\mathbf{1}(Invest_{ait}) = \beta CumulativeInv_{at-1} + \gamma X_{ait} + \mu_{ai} + \psi_t + \epsilon_{ait}$$

Consistent with the suggestions of Angrist and Pischke (2009), we estimate this using a linear probability model although we show robustness to alternative specifications. Likely because our covariates are binary, the vast majority of the predicted probabilities of our estimates lie between zero and one. Therefore the potential bias of the linear probability model is reduced in our estimation (Horrace and Oaxaca 2006). The fixed effects mean that our analysis examines the timing of investment for artist-investor pairs where we observe at least one investment. The fixed effects completely capture the artist-investor pairs in which we never see investment, and these pairs can therefore be removed from the analysis without any empirical consequences. Standard errors are clustered at the artist-investor pair level. Cumulative investment is measured at the artist-week level. Because the average artist in our main sample has over 600 investors, the cumulative investment number is not driven by any individual investor.¹¹

In order to understand the role of distance, we separately estimate local and distant artist-investor pairs.¹²

¹¹We address the potential for bias due to the use of fixed effects when several investors invest just once by showing robustness to random effects and to limiting the sample to investors who invest in the artist at least twice.

¹²We estimate separately for clarity of presentation. All results are robust to using interaction terms in simultaneous estimation of local and distant.

$$\mathbf{1}(Invest_{ait}) = \beta^l CumulativeInv_{at-1} + \gamma X_{ait}^l + \mu_{ai}^l + \psi_t^l + \epsilon_{ait}^l \quad \text{if local}$$

$$\mathbf{1}(Invest_{ait}) = \beta^d CumulativeInv_{at-1} + \gamma X_{ait}^d + \mu_{ai}^d + \psi_t^d + \epsilon_{ait}^d \quad \text{if distant}$$

Furthermore, in order to understand the role of F&F, we interact F&F with cumulative investment in each of these separately estimated local and distant equations.

$$\mathbf{1}(Invest_{ait}) = \beta^l CumulativeInv_{at-1} + \theta^l F\&F_{ai} \times CumulativeInv_{at-1} + \gamma X_{ait}^l + \mu_{ai}^l + \psi_t^l + \epsilon_{ait}^l \quad \text{if local}$$

$$\mathbf{1}(Invest_{ait}) = \beta^d CumulativeInv_{at-1} + \theta^d F\&F_{ai} \times CumulativeInv_{at-1} + \gamma X_{ait}^d + \mu_{ai}^d + \psi_t^d + \epsilon_{ait}^d \quad \text{if distant}$$

The main effect of F&F will drop out due to collinearity with the artist-investor fixed effects. With this empirical approach we examine *when* an investor chooses to invest in a particular artist, conditional on at least one investment by that investor in that artist. Investors often invest more than once in the same artist during a single \$50,000 round of fundraising. We assume that the timing of investment is driven by the change in cumulative investment rather than by another change that is specific to the artist-investor pair. We also assume that the artist-investor and week fixed effects as well as other covariates control for omitted variables. Our main results hold as long as there is not an omitted variable that drives lagged cumulative investment, an increase in the value of distant investing, and a simultaneous decrease in the value of local investing. One plausible variable that might fit such a description is concert touring. As an artist gains visibility, they may be more able to tour to more distant locations. We therefore control for investor proximity to live performances by the artists.

4 Results

We build our results in three steps. First, we document that, in general, investors' propensity to invest in a given week increases as the artist visibly accumulates capital on the site. Second, we show that local investors deviate from this pattern. They are most likely to invest early in the cycle, before an artist has raised \$10,000. Finally, we show that this difference between local and distant investors is entirely explained by the group of investors we label Friends and Family (F&F). We focus on one specification in the paper but document robustness to numerous alternative specifications in the appendix.¹³

Investment propensity increases with funds raised. In Table 4 column 1 we show that investment propensity increases as a (\$50K) artist accumulates investment. As discussed earlier, the use of the \$50K sample ensures this is not a simple selection story where only the better artists appear in the sample with higher cumulative investment. Relative to an artist with less than \$10,000 in investment, a given investor is 2.1 percentage points more likely to invest in a given week if the artist has \$10,000-\$20,000 and 8.4 percentage points more likely to invest if they have more than \$40,000. These increases are large relative to a weekly base rate of 4.1% during the first \$10,000. We illustrate the estimates of the increase in propensity to invest in a given week over different capital levels in Figure 3a. Because we use a linear probability model, this means we can simply plot the coefficient values.

This acceleration of investment as an artist gets closer to \$50,000 is consistent with Zhang and Liu (2010) who document a similar pattern on Prosper.com. Like Zhang and Liu (2010), we argue that this is suggestive evidence of path dependency: past investment may increase the propensity to invest. It is only suggestive because, in the absence of a truly exogenous shock to investment, we cannot reject the possibility that some other activity may cause the acceleration in investment. Nevertheless, to the extent that the fixed effects and the covariates control for such activities, the underlying pattern in the data, combined with the prominent placement of cumulative investment information on the website, suggest that high levels of cumulative investment may cause an increase in the rate at which new investment arrives.

¹³In the appendix, we show that our results are robust to alternative samples, covariates, and functional forms.

Local and distant investors are different. In columns 2 and 3 we stratify the data between local and distant investors. Local investors are more likely to invest over the first \$20,000 than later. In contrast, the results for distant investors resemble the results shown in column 1. In Figure 3b we provide a graphical representation of the propensity to invest at different stages in the investment cycle. Local and distant investors clearly display distinct patterns; distant investors’ propensity to invest rises as the artist accumulates capital, whereas local investors’ propensity does not.

In the appendix, we show that this general relationship is broadly robust to many other specifications. The only notable difference in several of the robustness checks is a flatter relationship between investment propensity and cumulative investment for local investors. Still, the key distinction for our purposes is that distant investors significantly increase their propensity to invest as the artist accumulates capital whereas local investors do not.

Friends and Family. Next, we show that a particular type of investor, whom we label as “Friends and Family” (F&F) of a particular artist, explains the observed difference between local and distant investors. These individuals likely joined the crowdfunding platform to invest in that particular artist. We define F&F by the following three characteristics:

1. The F&F investor invested in the focal artist before investing in any other (i.e. the investor is likely to have joined the system *for* the focal artist)
2. The F&F investor’s investment in the focal artist is their largest investment
3. The investor invests in no more than three other artists (i.e. the focal artist remains a key reason for being on the site)

To examine the validity of our measure, we examine whether these investors exhibit behavior that suggests that they are a distinct group. We find that they use the website much less intensively than other investors for communication with artists, suggesting that they have other channels of communication. In addition, they invest disproportionately early in the funding cycle: 34% of the first \$500 comes from this group while only 22% of all funding comes from this group. Finally, they are disproportionately local.

We also surveyed information from 18 successful artists on Sellaband on the investors they

knew independently of Sellaband. Specifically, we sent each their list of investors and asked them to identify all family members and friends that they knew prior to joining Sellaband. Our measure captured 84% of the investors that these 18 artists identified, as well as a number of investors that the artists did not know personally.

In columns 4 and 5 of table 4, we run our main specification on local and distant investors, but include an interaction of capital levels with an indicator for F&F. The results show that local and distant investors are qualitatively similar, conditional on F&F. Particularly, for both local and distant investors, F&F tend to invest early in the funding cycle and non-F&F tend to invest later. We illustrate this result in Figure 3c which shows that non-F&F investors, both local and distant, increase their propensity to invest as the artist accumulates capital whereas F&F investors do not.

A potential concern with our interpretation of these results is that our definition only proxies for Friends and Family. It is likely that we include many investors who are not really F&F, and that we exclude some investors that are F&F. In order to address this concern, In table 5, we show that the qualitative results are robust to the subsample of 18 artists who identified their Friends and Family to us.

In summary, our results suggest that there is little systematic difference between local and distant investors, except to the extent that social networks (as measured by F&F) are disproportionately local.

4.1 What do F&F investors know?

Next, we provide suggestive evidence on the type of asymmetry between F&F and other investors. Specifically, we examine first versus subsequent investments. Differences between F&F versus other investors in terms of the timing of their first investment in an artist may reflect information asymmetries that influence the search costs for establishing a consideration set. In other words, unlike non-F&F investors, F&F do not need to rely on search engines to find their artist among the thousands that are on the platform. Nor do they need to spend time listening to many demo songs and reading bios etcetera to learn the basics about their artist and determine whether they

should be included in their investment consideration set.

If the difference between F&F and non-F&F investing persists after the first investment, then the results suggest a role for other types of information, such as offline monitoring, that are mediated by offline social networks.

In table 6, we drop all first investments (and consequently all investors who invest on only one occasion). It shows no difference between F&F and other investors, or between local and distant investors. After the first investment, all investors become increasingly likely to invest again as the artist approaches \$50K. This suggests that, conditional on identifying an artist and deciding that they are worth investing in, the asymmetry between F&F and non-F&F investment patterns diminishes.

5 Conclusion

We examine the role of distance in an online platform for financing early stage artists. We find that investment patterns over time are independent of geographic distance between artist and investor after controlling for the artist’s offline social network. This result contrasts with the existing literature that emphasizes the importance of spatial proximity in early-stage financing. Instead, our result suggests that online mechanisms can reduce economic frictions associated with such investments over long distances. Only the spatial correlation of pre-existing social networks is not resolved; the online mechanisms do not yet eliminate frictions related to information that is easily conveyed through a social network, particularly those related to information on search attributes. This is consistent with prior research on online activity that shows many, but not all, distance-related frictions are reduced in the online setting (Blum and Goldfarb 2006, Hortacsu, Martinez-Jerez, and Douglas 2009).

Furthermore, our results emphasize the important role that friends and family may play online and offline in generating early investment in nascent projects. Consistent with Conti, Thursby, and Rothaermel (2010), we speculate that this early investment may serve as a signal of commitment. Later investors may use this signal thereby increasing the likelihood of further funding by way of access to distant sources of capital.

Finally, we comment on the implications of crowdfunding in our particular industry setting, recorded music. Over the past two decades, this industry has experienced a significant decline in revenues, approximately 50% over 10 years, which many experts attribute to piracy through online file sharing (Passman 2009). At the same time, costs associated with the production and distribution of music have also dropped substantially due to the development of inexpensive production software and the digital distribution of music over the internet. However, production costs are not zero and recording artists are commonly cash constrained. In the vertically integrated industry set-up, large record companies provided both financing and a full suite of services (e.g., producer, studio, cover design, distribution, auxiliary musicians) in exchange for ownership of or equity in the artists' intellectual property. As the major labels decline in importance, artists have fewer options to relieve cash constraints by borrowing against, or selling equity in, their intellectual property. Crowdfunding helps overcome that constraint by creating a market for the most salient asset available to aspiring new artists – their ideas, vision, and future intellectual property – thereby facilitating financing from distant strangers. Thus, crowdfunding may help reduce an important market failure.

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Table 1: Descriptive stats

(a) \$50K (main) Sample

	Obs.	Mean	Std. Dev.	Min	Max
Artist Level					
Investors at \$50K	34	608.8	220.9	316	1,338
Weeks to \$50K	34	53.1	34.6	8	124
Songs uploaded†	34	4.29	8.02	0	32
Videos uploaded	34	0.68	0.47	0	1
Investor level					
Number of 50K artists invested in	8,149	2.54	4.23	1	34
Number of distinct investments	8,149	4.33	12.78	1	330
Total amount invested across 50K artists (\$)	8,149	227	1,147.6	10	33,430
Artist-Investor level					
Investment amount (\$)	18,827	89	393.9	10	23,500
Geographic distance (km)	18,827	5,118	5,658	0.003	19,827
Number of investments in same artist	18,827	1.7	2.3	1	72
Position in funding cycle at first investment (\$)	18,827	12,099	13,361	0	49,990
Artist-Investor-Week level					
Investment amount (\$)	709,471	2.378	40.82	0	15,000
Live show proximate to investor	709,471	0.002	0.046	0	1

(b) Full Sample

	Obs.	Mean	Std. Dev.	Min	Max
Artist Level					
Investors	4,712	11.4	60.5	1	1,338
Total Investment	4,712	492.94	4375.3	0	50,000
Songs uploaded†	4,712	1.82	2.686	0	59
Videos uploaded	4,712	0.11	0.378	0	8
Investor level					
Number of artists invested in	15,517	3.46	21.1	1	1,835
Number of distinct investments	15,517	5.52	34.31	1	2,155
Total amount invested across all artists (\$)	15,517	226.1	1579.4	10	69,560
Artist-Investor level					
Investment amount (\$)	24,862	86.37	381.35	10	23,500
Geographic distance (km)	24,862	4,831.5	5,523.6	.003	19,863
Number of investments in same entrepreneur	24,862	1.79	2.52	1	72
Position in funding cycle at first investment (\$)	24,862	9,998	12,464	0	49,990
Artist-Investor-Week level					
Investment amount (\$)	1,175,492	1.83	33.71	0	15,000

†Artists may upload 1 to 3 songs when registering on the website. Since we do not have access to these data, the initial songs are not included in this count.

Table 2: Gravity model

VARIABLES	(1) \$ invested	(2) \$ invested	(3) \$ invested
ln(distance)	-2,010.8726*** (732.9120)	-2,078.2051*** (749.6086)	-2,026.7065*** (728.5806)
Common official or primary language		-1,793.7469* (1,072.5589)	
Pairs ever in colonial relationship			1,082.7322 (1,994.5730)
Observations	610	610	610
R-squared	0.340	0.344	0.341

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3: Family and Friends

	F&F	Not F&F
F&F use the website differently		
Average # of emails sent to artists	0.24	8.25
Average # of comments sent to artists	0.44	12.74
Average # of emails received from artists	13.19	68.97
Average # of comments received from artists	1.14	18.77
F&F are disproportionately active at the beginning		
First 500\$	34%	66%
First 4 Weeks	37%	63%
Full \$50K	22%	78%
F&F are disproportionately local		
Local (0-100 km) Artist-Investor Pairs	55%	45%
Distant (>100 km) Artist-Investor Pairs	16%	84%

Table 4: Local, Distant and Family & Friends

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0213*** (0.0012)	0.0083 (0.0061)	0.0216*** (0.0013)	0.0340*** (0.0068)	0.0236*** (0.0012)
\$20-30K accum. capital	0.0261*** (0.0017)	-0.0225*** (0.0082)	0.0290*** (0.0017)	0.0307*** (0.0092)	0.0336*** (0.0017)
\$30-40K accum. capital	0.0420*** (0.0021)	-0.0255*** (0.0093)	0.0458*** (0.0022)	0.0377*** (0.0110)	0.0527*** (0.0021)
\$40-50K accum. capital	0.0840*** (0.0027)	-0.0137 (0.0110)	0.0902*** (0.0028)	0.0639*** (0.0137)	0.1099*** (0.0029)
\$10-20K accum. capital * F&F				-0.0898*** (0.0102)	-0.0876*** (0.0066)
\$20-30K accum. capital * F&F				-0.1301*** (0.0111)	-0.1346*** (0.0073)
\$30-40K accum. capital * F&F				-0.1507*** (0.0127)	-0.1657*** (0.0076)
\$40-50K accum. capital * F&F				-0.1812*** (0.0154)	-0.2533*** (0.0082)
Investor proximate to Live Show	0.0079 (0.0056)	0.0105 (0.0076)	-0.0072 (0.0159)	0.0098 (0.0077)	-0.0062 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. Local is defined as within 100 km from the artist. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 5: Local, Distant and Family & Friends (Survey Sample)

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0203*** (0.0018)	0.0145* (0.0077)	0.0201*** (0.0018)	0.0370*** (0.0075)	0.0213*** (0.0018)
\$20-30K accum. capital	0.0263*** (0.0023)	-0.0122 (0.0101)	0.0283*** (0.0024)	0.0155 (0.0096)	0.0296*** (0.0024)
\$30-40K accum. capital	0.0441*** (0.0028)	-0.0152 (0.0114)	0.0482*** (0.0030)	0.0188* (0.0110)	0.0496*** (0.0030)
\$40-50K accum. capital	0.0964*** (0.0038)	-0.0005 (0.0152)	0.1042*** (0.0040)	0.0319** (0.0153)	0.1069*** (0.0040)
\$10-20K accum. capital * F&F				-0.0604*** (0.0136)	-0.1204*** (0.0184)
\$20-30K accum. capital * F&F				-0.0669*** (0.0137)	-0.1300*** (0.0189)
\$30-40K accum. capital * F&F				-0.0780*** (0.0139)	-0.1412*** (0.0191)
\$40-50K accum. capital * F&F				-0.0826*** (0.0159)	-0.1977*** (0.0233)
Investor proximate to Live Show	0.0128** (0.0055)	0.0165* (0.0087)	-0.0068 (0.0165)	0.0164* (0.0088)	-0.0064 (0.0164)
Weeks on Sellaband	-0.0003*** (0.0001)	-0.0001 (0.0008)	-0.0003** (0.0001)	0.0001 (0.0008)	-0.0003** (0.0001)
Observations	414,835	64,403	350,432	64,403	350,432
R-squared	0.014	0.047	0.015	0.050	0.016
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample (i.e. includes all investments in the artists who identified their Friends and Family). Local is defined as within 100 km from the artist. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 6: Repeated Investment (Survey Version)

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0125*** (0.0015)	0.0402*** (0.0154)	0.0116*** (0.0015)	0.0370*** (0.0136)	0.0117*** (0.0015)
\$20-30K accum. capital	0.0237*** (0.0022)	0.0546* (0.0301)	0.0227*** (0.0021)	0.0525** (0.0260)	0.0226*** (0.0021)
\$30-40K accum. capital	0.0378*** (0.0026)	0.0566* (0.0308)	0.0371*** (0.0026)	0.0612** (0.0280)	0.0372*** (0.0026)
\$40-50K accum. capital	0.0820*** (0.0036)	0.1054*** (0.0343)	0.0813*** (0.0037)	0.1251*** (0.0323)	0.0814*** (0.0037)
\$10-20K accum. capital * F&F				0.0218 (0.0262)	-0.0005 (0.0135)
\$20-30K accum. capital * F&F				0.0141 (0.0290)	0.0084 (0.0152)
\$30-40K accum. capital * F&F				-0.0168 (0.0300)	-0.0078 (0.0236)
\$40-50K accum. capital * F&F				-0.0728 (0.0487)	-0.0154 (0.0254)
Investor proximate to Live Show	0.0140 (0.0094)	0.0398*** (0.0142)	-0.0144 (0.0151)	0.0388*** (0.0142)	-0.0144 (0.0151)
Weeks on Sellaband	-0.0001 (0.0001)	-0.0012*** (0.0004)	-0.0001 (0.0001)	-0.0013*** (0.0004)	-0.0001 (0.0001)
Observations	295,808	16,240	279,568	16,240	279,568
R-squared	0.012	0.019	0.012	0.021	0.012
Number of group	6,765	306	6,459	306	6,459

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. Only investors who invest at least twice in the focal artist are included. Local is defined as within 100 km from the artist. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Figure 1: Sellaband screenshot

Support status

\$560 \$50,000

[FINANCE MY ALBUM](#) What's in it for me?

Genres:
Acoustic, Folk, Pop

[GIFTPART](#)
[WISHLIST](#)
[I'M A FAN](#)

[COMMENT](#)
[MESSAGE](#)

Playlist

- Low Hundreds - Out May 11th! 539
- The new B-Side "Formerly Yours" 211
- Film Within A Film_1 123

Tracks played: 873

Bulletins

BBC RADIO 2 iPLAYER
may 20, 2009

LIVE O BBC RADIO 2
may 15, 2009

Song of the week
may 11, 2009

NEW SONG & THANKYOU!
may 4, 2009

6 Pack
april 28, 2009

Ahem... your attention please
april 24, 2009

Believers

Chris

Pacarina :: ...

Martin(Team ...)

Mitchell fro...

Lucretia

Dagmar

JohanV

Claire S.

Believers 28

Discovered by [Paul McMaster.](#)

Latest believer [Chris](#)

Latest investment 1 Parts by: [thomas sheils](#)

Signed up april 17, 2009

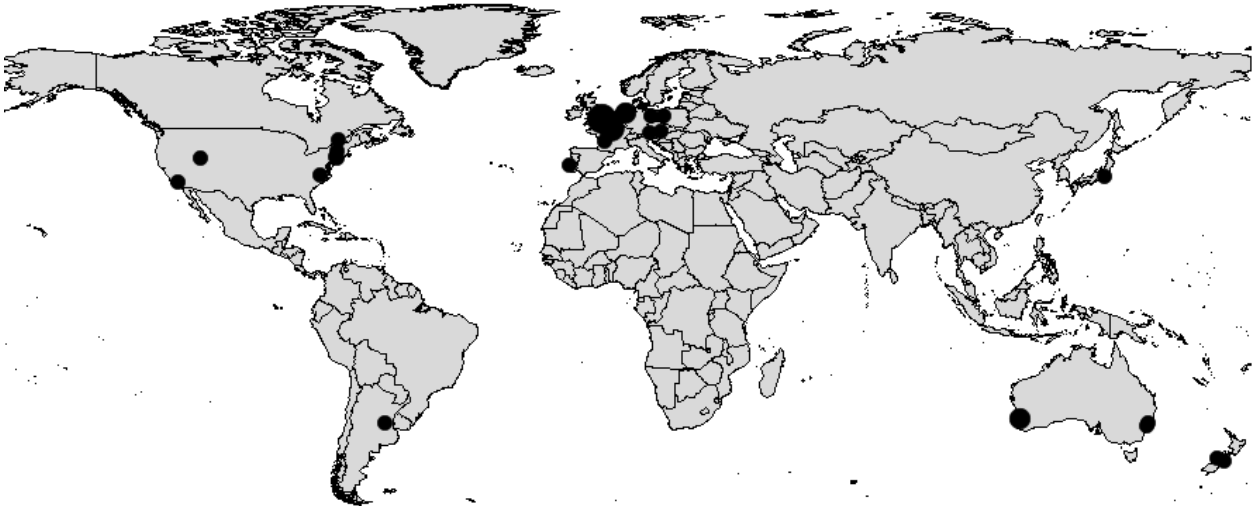
Last updated july 4, 2009

Last seen july 4, 2009

Profile views 2362

Figure 2: Maps

(a) \$50K artists locations



(b) Investor locations (\$50K artists)

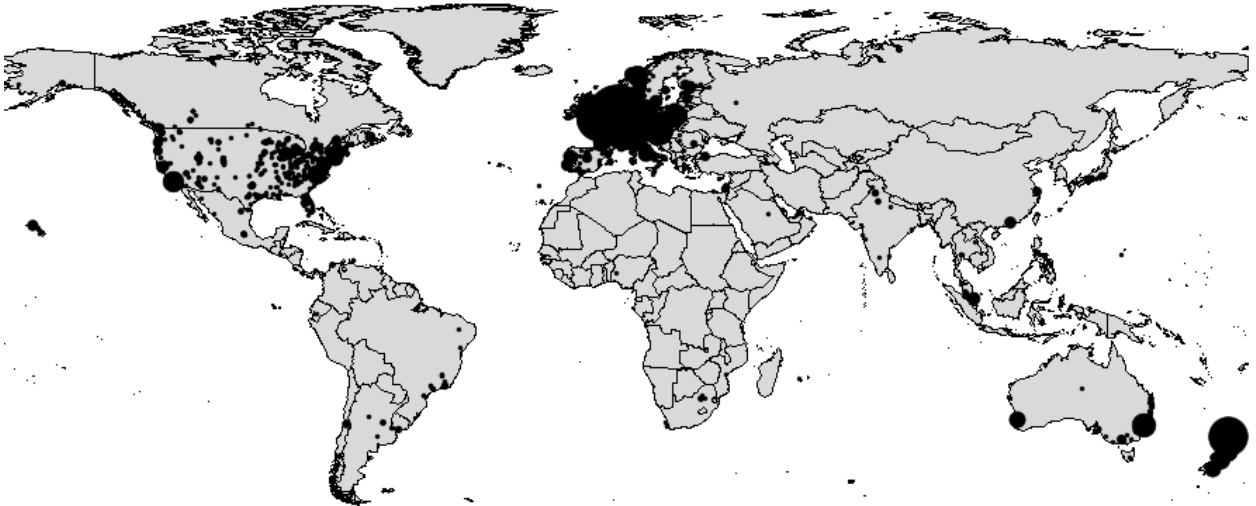
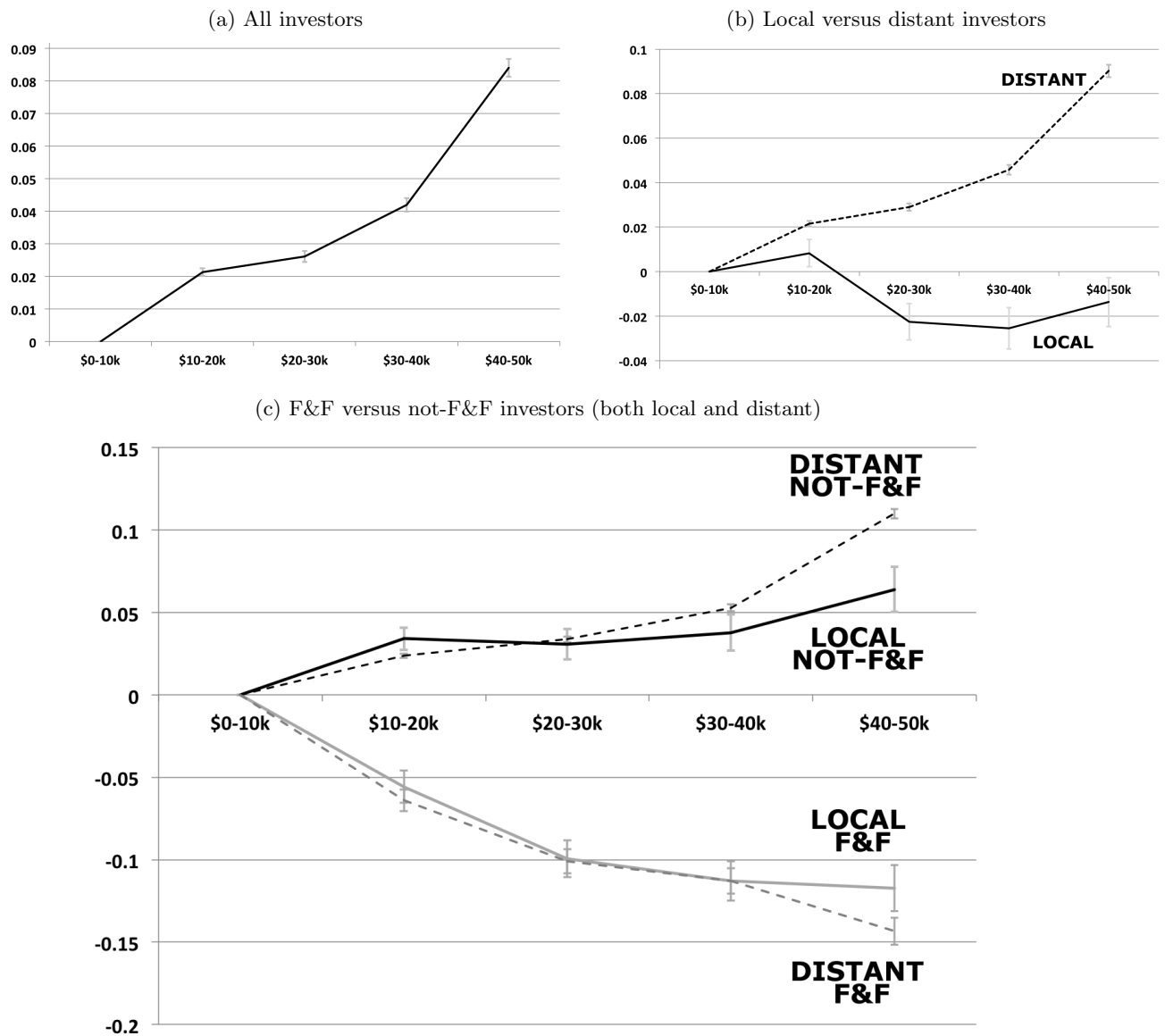


Figure 3: Relative propensity to invest over capital levels. Baseline is propensity to invest between \$0-10K within focal group.



6 Appendix

Table A-1: Full Sample

VARIABLES	(1) Full Sample Invest=1	(2) Full Sample LOCAL	(3) Full Sample DISTANT	(4) Full Sample LOCAL	(5) Full Sample DISTANT
\$10-20K accum. capital	0.0109*** (0.0009)	0.0026 (0.0037)	0.0113*** (0.0009)	0.0237*** (0.0043)	0.0137*** (0.0009)
\$20-30K accum. capital	0.0134*** (0.0012)	-0.0147*** (0.0047)	0.0155*** (0.0012)	0.0283*** (0.0053)	0.0206*** (0.0012)
\$30-40K accum. capital	0.0266*** (0.0015)	-0.0160*** (0.0056)	0.0296*** (0.0015)	0.0430*** (0.0084)	0.0375*** (0.0015)
\$40-50K accum. capital	0.0692*** (0.0021)	-0.0005 (0.0065)	0.0747*** (0.0022)	0.0752*** (0.0116)	0.0952*** (0.0023)
\$10-20K accum. capital * F&F				-0.0656*** (0.0071)	-0.0732*** (0.0045)
\$20-30K accum. capital * F&F				-0.1034*** (0.0080)	-0.1111*** (0.0052)
\$30-40K accum. capital * F&F				-0.1273*** (0.0105)	-0.1479*** (0.0056)
\$40-50K accum. capital * F&F				-0.1507*** (0.0134)	-0.2349*** (0.0064)
Investor proximate to Live Show	0.0048 (0.0054)	0.0053 (0.0061)	-0.0051 (0.0159)	0.0063 (0.0062)	-0.0039 (0.0158)
Weeks on Sellaband	-0.0032*** (0.0002)	-0.0050*** (0.0007)	-0.0030*** (0.0003)	-0.0047*** (0.0007)	-0.0028*** (0.0003)
Observations	1,175,492	146,221	1,029,271	146,221	1,029,271
R-squared	0.010	0.028	0.010	0.034	0.015
Number of group	24,862	2,430	22,432	2,430	22,432

Dependent variable is any investment in columns (1)-(5) and sample is the full sample. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-2: \$1K Sample

VARIABLES	(1) \$1K Sample Invest=1	(2) \$1K Sample LOCAL	(3) \$1K Sample DISTANT	(4) \$1K Sample LOCAL	(5) \$1K Sample DISTANT
\$10-20K accum. capital	0.0108*** (0.0009)	0.0026 (0.0037)	0.0113*** (0.0009)	0.0237*** (0.0043)	0.0138*** (0.0009)
\$20-30K accum. capital	0.0133*** (0.0012)	-0.0148*** (0.0048)	0.0155*** (0.0012)	0.0281*** (0.0054)	0.0205*** (0.0012)
\$30-40K accum. capital	0.0267*** (0.0015)	-0.0159*** (0.0057)	0.0297*** (0.0015)	0.0429*** (0.0085)	0.0376*** (0.0015)
\$40-50K accum. capital	0.0692*** (0.0021)	0.0001 (0.0066)	0.0747*** (0.0022)	0.0752*** (0.0116)	0.0952*** (0.0023)
\$10-20K accum. capital * F&F				-0.0656*** (0.0071)	-0.0735*** (0.0046)
\$20-30K accum. capital * F&F				-0.1034*** (0.0080)	-0.1113*** (0.0052)
\$30-40K accum. capital * F&F				-0.1271*** (0.0105)	-0.1481*** (0.0056)
\$40-50K accum. capital * F&F				-0.1500*** (0.0134)	-0.2350*** (0.0064)
Investor proximate to Live Show	0.0049 (0.0054)	0.0059 (0.0061)	-0.0053 (0.0159)	0.0068 (0.0062)	-0.0042 (0.0158)
Weeks on Sellaband	-0.0031*** (0.0002)	-0.0050*** (0.0007)	-0.0029*** (0.0003)	-0.0047*** (0.0007)	-0.0028*** (0.0003)
Observations	1,155,845	142,923	1,012,922	142,923	1,012,922
R-squared	0.010	0.028	0.010	0.034	0.015
Number of group	24,411	2,375	22,036	2,375	22,036

Dependent variable is any investment in columns (1)-(5) and sample is the \$1K sample (all artists who have raised at least \$1000). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-3: \$5K Sample

VARIABLES	(1) \$5K Sample Invest =1	(2) \$5K Sample LOCAL	(3) \$5K Sample DISTANT	(4) \$5K Sample LOCAL	(5) \$5K Sample DISTANT
\$10-20K accum. capital	0.0114*** (0.0009)	0.0013 (0.0037)	0.0119*** (0.0009)	0.0219*** (0.0043)	0.0144*** (0.0009)
\$20-30K accum. capital	0.0141*** (0.0012)	-0.0184*** (0.0049)	0.0166*** (0.0012)	0.0244*** (0.0055)	0.0215*** (0.0013)
\$30-40K accum. capital	0.0279*** (0.0015)	-0.0201*** (0.0059)	0.0313*** (0.0016)	0.0386*** (0.0086)	0.0390*** (0.0016)
\$40-50K accum. capital	0.0705*** (0.0021)	-0.0037 (0.0068)	0.0764*** (0.0022)	0.0710*** (0.0117)	0.0967*** (0.0024)
\$10-20K accum. capital * F&F				-0.0650*** (0.0070)	-0.0736*** (0.0046)
\$20-30K accum. capital * F&F				-0.1036*** (0.0079)	-0.1111*** (0.0052)
\$30-40K accum. capital * F&F				-0.1277*** (0.0105)	-0.1480*** (0.0057)
\$40-50K accum. capital * F&F				-0.1504*** (0.0134)	-0.2350*** (0.0064)
Investor proximate to Live Show	0.0057 (0.0054)	0.0067 (0.0063)	-0.0051 (0.0159)	0.0076 (0.0063)	-0.0039 (0.0158)
Weeks on Sellaband	-0.0032*** (0.0002)	-0.0049*** (0.0007)	-0.0030*** (0.0003)	-0.0046*** (0.0007)	-0.0028*** (0.0003)
Observations	1,070,501	127,637	942,864	127,637	942,864
R-squared	0.011	0.030	0.010	0.037	0.015
Number of group	23,269	2,156	21,113	2,156	21,113

Dependent variable is any investment in columns (1)-(5) and sample is the \$5K sample (all artists who have raised at least \$5000). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-4: No artists from music hubs (NYC, LA, Nashville, London, or Paris)

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0195*** (0.0014)	0.0142* (0.0075)	0.0190*** (0.0014)	0.0371*** (0.0085)	0.0201*** (0.0014)
\$20-30K accum. capital	0.0314*** (0.0021)	-0.0192 (0.0128)	0.0342*** (0.0022)	0.0297** (0.0139)	0.0366*** (0.0021)
\$30-40K accum. capital	0.0451*** (0.0025)	-0.0257* (0.0135)	0.0484*** (0.0026)	0.0291* (0.0152)	0.0534*** (0.0026)
\$40-50K accum. capital	0.0969*** (0.0034)	-0.0161 (0.0175)	0.1036*** (0.0035)	0.0502*** (0.0189)	0.1205*** (0.0036)
\$10-20K accum. capital * F&F				-0.0736*** (0.0111)	-0.0586*** (0.0071)
\$20-30K accum. capital * F&F				-0.1124*** (0.0120)	-0.1014*** (0.0084)
\$30-40K accum. capital * F&F				-0.1312*** (0.0143)	-0.1567*** (0.0093)
\$40-50K accum. capital * F&F				-0.1651*** (0.0181)	-0.2429*** (0.0100)
Investor proximate to Live Show	0.0094 (0.0068)	0.0296** (0.0117)	-0.0193 (0.0234)	0.0320*** (0.0116)	-0.0179 (0.0232)
Weeks on Sellaband	-0.0045*** (0.0003)	-0.0050*** (0.0013)	-0.0044*** (0.0004)	-0.0043*** (0.0013)	-0.0042*** (0.0004)
Observations	482,683	56,438	426,245	56,438	426,245
R-squared	0.013	0.035	0.014	0.043	0.020
Number of group	12,310	1,025	11,285	1,025	11,285

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample without artists from music hubs (New York, Los Angeles, Nashville, London, or Paris). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A-5: No artists from music hubs (NYC, LA, Nashville, London, or Paris) - Survey Sample

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0218*** (0.0019)	0.0308*** (0.0086)	0.0191*** (0.0020)	0.0409*** (0.0084)	0.0200*** (0.0020)
\$20-30K accum. capital	0.0335*** (0.0029)	-0.0010 (0.0160)	0.0354*** (0.0030)	0.0133 (0.0148)	0.0364*** (0.0030)
\$30-40K accum. capital	0.0495*** (0.0034)	-0.0070 (0.0167)	0.0529*** (0.0036)	0.0160 (0.0164)	0.0543*** (0.0036)
\$40-50K accum. capital	0.0979*** (0.0045)	0.0131 (0.0213)	0.1053*** (0.0048)	0.0345 (0.0210)	0.1076*** (0.0048)
\$10-20K accum. capital * F&F				-0.0250* (0.0137)	-0.0962*** (0.0182)
\$20-30K accum. capital * F&F				-0.0278** (0.0137)	-0.0990*** (0.0192)
\$30-40K accum. capital * F&F				-0.0513*** (0.0149)	-0.1281*** (0.0214)
\$40-50K accum. capital * F&F				-0.0570*** (0.0162)	-0.1561*** (0.0249)
Investor proximate to Live Show	0.0147** (0.0058)	0.0339*** (0.0125)	-0.0865*** (0.0102)	0.0350*** (0.0126)	-0.0869*** (0.0102)
Weeks on Sellaband	-0.0011*** (0.0003)	-0.0058*** (0.0010)	-0.0011*** (0.0003)	-0.0056*** (0.0010)	-0.0011*** (0.0003)
Observations	304,965	50,222	254,743	50,222	254,743
R-squared	0.015	0.040	0.016	0.041	0.017
Number of group	6,728	774	5,954	774	5,954

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample without artists from music hubs (New York, Los Angeles, Nashville, London, or Paris). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-6: Only investors who invest two or more times.

VARIABLES	(1) Full Time Period	(2) Before Change in Incentives	(3) After Change in Incentives
\$10-20K accum. capital	0.0239*** (0.0013)	0.0239*** (0.0013)	0.0130 (0.0120)
\$20-30K accum. capital	0.0369*** (0.0018)	0.0353*** (0.0018)	0.0684*** (0.0092)
\$30-40K accum. capital	0.0592*** (0.0022)	0.0611*** (0.0024)	0.0788*** (0.0100)
\$40-50K accum. capital	0.1174*** (0.0029)	0.1176*** (0.0031)	0.1330*** (0.0110)
\$10-20K accum. capital * F&F	-0.0709*** (0.0164)	-0.0782*** (0.0159)	0.3565 (0.2168)
\$20-30K accum. capital * F&F	-0.1066*** (0.0198)	-0.1225*** (0.0190)	-0.0048 (0.0858)
\$30-40K accum. capital * F&F	-0.1345*** (0.0196)	-0.1490*** (0.0199)	-0.0772 (0.0834)
\$40-50K accum. capital * F&F	-0.1932*** (0.0225)	-0.2041*** (0.0241)	-0.1225 (0.0865)
Investor proximate to Live Show	0.0018 (0.0101)	0.0004 (0.0109)	0.0230 (0.0248)
Weeks on Sellaband	-0.0024*** (0.0003)	-0.0033*** (0.0004)	0.0008 (0.0005)
Observations	585,803	525,382	60,421
R-squared	0.015	0.015	0.022
Number of group	14,790	14,569	2,895

Dependent variable is any investment in columns (1)-(3) and sample is the \$50K sample where only investors who invest at least two or more times are included. Column (2) includes all investments that took place before the change in incentives (December 2008), while column (3) those that happened after. In the before period, investors would receive one CD for every 10\$ invested in the artist. After the incentives change, only the first 10\$ would entitle the investor to receive a CD. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor.

Robust standard errors clustered at the pair level in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

Table A-7: Only investors who invest two or more times (Survey Sample).

VARIABLES	(1) Full Time Period	(2) Before Change in Incentives	(3) After Change in Incentives
\$10-20K accum. capital	0.0230*** (0.0018)	0.0238*** (0.0019)	0.0085 (0.0128)
\$20-30K accum. capital	0.0387*** (0.0026)	0.0385*** (0.0026)	0.0724*** (0.0096)
\$30-40K accum. capital	0.0634*** (0.0032)	0.0683*** (0.0035)	0.0803*** (0.0109)
\$40-50K accum. capital	0.1353*** (0.0043)	0.1410*** (0.0048)	0.1364*** (0.0122)
\$10-20K accum. capital * F&F	-0.0272 (0.0188)	-0.0250 (0.0196)	
\$20-30K accum. capital * F&F	-0.0190 (0.0202)	-0.0210 (0.0217)	-0.0442** (0.0205)
\$30-40K accum. capital * F&F	-0.0504** (0.0235)	-0.0515* (0.0305)	
\$40-50K accum. capital * F&F	-0.0798*** (0.0301)	-0.0881 (0.0550)	-0.0892*** (0.0147)
Investor proximate to Live Show	0.0141 (0.0118)	0.0121 (0.0131)	0.0213 (0.0254)
Weeks on Sellaband	-0.0004*** (0.0001)	-0.0006*** (0.0001)	0.0011** (0.0005)
Observations	302,648	254,055	48,593
R-squared	0.018	0.017	0.026
Number of group	6,840	6,721	2,305

Dependent variable is any investment in columns (1)-(3) and sample is the survey sample where only investors who invest at least two or more times are included. Column (2) includes all investments that took place before the change in incentives (December 2008), while column (3) those that happened after. In the before period, investors would receive one CD for every 10\$ invested in the artist. After the incentives change, only the first 10\$ would entitle the investor to receive a CD. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor.

Robust standard errors clustered at the pair level in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

Table A-8: Only investors who invest two or more times.

VARIABLES	(1) Full Time Period	(2) Full Time Period LOCAL	(3) Full Time Period DISTANT	(4) Before Change in Incentives	(5) Before Change in Incentives LOCAL	(6) Before Change in Incentives DISTANT	(7) After Change in Incentives	(8) After Change in Incentives LOCAL	(9) After Change in Incentives DISTANT
\$10-20K accum. capital	0.0239*** (0.0013)	0.0144 (0.0095)	0.0243*** (0.0013)	0.0239*** (0.0013)	0.0143 (0.0097)	0.0244*** (0.0120)	0.0130 (0.0120)		0.0125 (0.0121)
\$20-30K accum. capital	0.0369*** (0.0018)	0.0128 (0.0148)	0.0375*** (0.0018)	0.0353*** (0.0018)	0.0105 (0.0153)	0.0361*** (0.0092)	0.0684*** (0.0092)	-0.0252 (0.0273)	0.0672*** (0.0092)
\$30-40K accum. capital	0.0592*** (0.0022)	0.0312* (0.0175)	0.0600*** (0.0022)	0.0611*** (0.0024)	0.0320* (0.0192)	0.0620*** (0.0100)	0.0788*** (0.0435)	0.0136 (0.0435)	0.0770*** (0.0100)
\$40-50K accum. capital	0.1174*** (0.0029)	0.0635*** (0.0201)	0.1192*** (0.0030)	0.1176*** (0.0031)	0.0669*** (0.0216)	0.1193*** (0.0110)	0.1330*** (0.0110)	0.0063 (0.0528)	0.1335*** (0.0111)
\$10-20K accum. capital * F&F	- (0.0709***)	-0.0403 (0.0367)	-0.0790*** (0.0180)	-0.0782*** (0.0159)	-0.0494 (0.0368)	-0.0870*** (0.0166)	0.3565 (0.2168)	0.5781*** (0.0304)	
\$20-30K accum. capital * F&F	- (0.1066***)	- (0.0911**)	-0.1092*** (0.0221)	-0.1225*** (0.0190)	-0.0970*** (0.0449)	-0.1300*** (0.0187)	-0.0048 (0.0858)		0.3680*** (0.0311)
\$30-40K accum. capital * F&F	- (0.1345***)	- (0.0424)	-0.1355*** (0.0221)	-0.1490*** (0.0199)	-0.1257*** (0.0429)	-0.1565*** (0.0214)	-0.0772 (0.0834)	-0.0463 (0.0325)	0.2909*** (0.0255)
\$40-50K accum. capital * F&F	- (0.1932***)	-0.0933* (0.0414)	-0.2082*** (0.0221)	-0.2041*** (0.0199)	-0.0901 (0.0429)	-0.2265*** (0.0214)	-0.1225 (0.0865)	-0.0817* (0.0442)	0.2502*** (0.0241)
Investor proximate to Live Show	0.0018 (0.0101)	0.0221 (0.0137)	0.0216 (0.0169)	0.0004 (0.0109)	0.0213 (0.0154)	0.0230 (0.0170)	0.0301 (0.0248)	0.0006 (0.0269)	0.0006 (0.0043)
Weeks on Sellaband	0.0024*** (0.0003)	-0.0019* (0.0011)	-0.0024*** (0.0003)	-0.0033*** (0.0004)	-0.0018 (0.0015)	-0.0033*** (0.0004)	0.0008 (0.0005)	-0.0006 (0.0008)	0.0007 (0.0005)
Observations	585,803	27,016	558,787	525,382	24,524	500,858	60,421	2,492	57,929
R-squared	0.015	0.022	0.015	0.015	0.022	0.015	0.022	0.047	0.023
Number of group	14,790	578	14,212	14,569	572	13,997	2,895	99	2,796

Dependent variable is any investment in columns (1)-(9) and sample is the \$50K sample where only investors who invest at least two or more times are included. Columns (4)-(6) include all investments that took place before the change in incentives (December 2008), while columns (7)-(9) those that happened after. In the before period, investors would receive one CD for every 10\$ invested in the artist. After the incentives change, only the first 10\$ would entitle the investor to receive a CD. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

Table A-9: Only investors who invest two or more times (Survey Sample).

VARIABLES	(1) Full Time Period	(2) Full Time Period LOCAL	(3) Full Time Period DISTANT	(4) Before Change in Incentives	(5) Before Change in Incentives LOCAL	(6) Before Change in Incentives DISTANT	(7) After Change in Incentives	(8) After Change in Incentives LOCAL	(9) After Change in Incentives DISTANT
\$10-20K accum. capital	0.0230*** (0.0018)	0.0389** (0.0155)	0.0227*** (0.0019)	0.0238*** (0.0019)	0.0412*** (0.0156)	0.0235*** (0.0019)	0.0085 (0.0128)		0.0080 (0.0128)
\$20-30K accum. capital	0.0387*** (0.0026)	0.0560** (0.0280)	0.0381*** (0.0026)	0.0385*** (0.0026)	0.0561** (0.0280)	0.0379*** (0.0026)	0.0724*** (0.0096)	-0.0713 (0.0735)	0.0713*** (0.0096)
\$30-40K accum. capital	0.0634*** (0.0032)	0.0717** (0.0299)	0.0632*** (0.0032)	0.0683*** (0.0035)	0.0811** (0.0331)	0.0683*** (0.0036)	0.0803*** (0.0109)		0.0786*** (0.0109)
\$40-50K accum. capital	0.1353*** (0.0043)	0.1464*** (0.0347)	0.1353*** (0.0044)	0.1410*** (0.0048)	0.1585*** (0.0375)	0.1408*** (0.0049)	0.1364*** (0.0122)	0.0303 (0.0209)	0.1364*** (0.0122)
\$10-20K accum. capital * F&F	-0.0272 (0.0188)	-0.0118 (0.0275)	-0.0452** (0.0189)	-0.0250 (0.0196)	-0.0116 (0.0284)	-0.0451** (0.0187)			
\$20-30K accum. capital * F&F	-0.0190 (0.0202)	-0.0227 (0.0297)	-0.0226 (0.0215)	-0.0210 (0.0217)	-0.0206 (0.0311)	-0.0301 (0.0227)	-0.0442** (0.0205)		-0.0346 (0.0215)
\$30-40K accum. capital * F&F	-	-	-0.0399	-0.0515*	-0.0730*	-0.0401		0.0051	
\$40-50K accum. capital * F&F	0.0504** (0.0235)	0.0612** (0.0295)	0.0308 (0.0495)	0.0305 (0.0881)	0.0429 (0.1397*)	0.0345 (0.0325)		(0.0451) -0.0488***	-0.0682***
Investor proximate to Live Show	0.0798*** (0.0301)	0.1111** (0.0506)	0.0358 (0.0278)	0.0550 (0.0121)	0.0835 (0.0483**)	0.0681 (0.0296)	0.0147 (0.0213)	0.0161 (0.0344)	0.0114 (0.0002)
Weeks on Sellaband	0.0141 (0.0118)	0.0466** (0.0181)	-0.0094*** (0.0194)	0.0131 (0.0006***)	0.0215 (0.0011*)	0.0195 (0.0006***)	0.0254 (0.0011**)	0.0256 (0.0040)	0.0048 (0.0011**)
	-0.0004*** (0.0001)	0.0017*** (0.0004)		0.0001 (0.0001)		0.0001 (0.0001)	0.0005 (0.0005)		0.0005 (0.0005)
Observations	302,648	16,549	286,099	254,055	14,597	239,458	48,593	1,952	46,641
R-squared	0.018	0.030	0.018	0.017	0.030	0.018	0.026	0.037	0.026
Number of group	6,840	309	6,531	6,721	304	6,417	2,305	72	2,233

Dependent variable is any investment in columns (1)-(9) and sample is the survey sample where only investors who invest at least two or more times are included. Columns (4)-(6) include all investments that took place before the change in incentives (December 2008), while columns (7)-(9) those that happened after. In the before period, investors would receive one CD for every 10\$ invested in the artist. After the incentives change, only the first 10\$ would entitle the investor to receive a CD. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

Table A-10: Artist-Investor-Month as a unit of analysis.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20k accum. capital	0.0646*** (0.0034)	0.0353** (0.0154)	0.0614*** (0.0035)	0.0978*** (0.0170)	0.0664*** (0.0034)
\$20-30k accum. capital	0.0854*** (0.0045)	-0.0630*** (0.0198)	0.0923*** (0.0046)	0.0778*** (0.0220)	0.1054*** (0.0046)
\$30-40k accum. capital	0.1495*** (0.0056)	-0.0364 (0.0223)	0.1565*** (0.0059)	0.1364*** (0.0261)	0.1821*** (0.0058)
\$40-50k accum. capital	0.1349*** (0.0067)	-0.0606** (0.0273)	0.1428*** (0.0070)	0.1133*** (0.0353)	0.1786*** (0.0071)
\$10-20k accum. capital * F&F				-0.2260*** (0.0249)	-0.2498*** (0.0165)
\$20-30k accum. capital * F&F				-0.3440*** (0.0266)	-0.3771*** (0.0186)
\$30-40k accum. capital * F&F				-0.4094*** (0.0301)	-0.5139*** (0.0189)
\$40-50k accum. capital * F&F				-0.4336*** (0.0377)	-0.5719*** (0.0212)
Investor proximate to Live Show	0.0251*** (0.0069)	0.0118** (0.0059)	0.0767*** (0.0228)	0.0109* (0.0059)	0.0815*** (0.0225)
Weeks on Sellaband	0.0215*** (0.0025)	0.0417*** (0.0086)	0.0216*** (0.0026)	0.0394*** (0.0088)	0.0242*** (0.0026)
Observations	226,312	25,108	201,204	25,108	201,204
R-squared	0.023	0.104	0.022	0.135	0.039
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. Unit of analysis is the artist-investor-month. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each month as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-11: Artist-Investor-Month as a unit of analysis (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20k accum. capital	0.0729*** (0.0047)	0.0578*** (0.0196)	0.0677*** (0.0049)	0.1186*** (0.0204)	0.0699*** (0.0049)
\$20-30k accum. capital	0.0919*** (0.0061)	-0.0304 (0.0236)	0.0959*** (0.0063)	0.0436* (0.0252)	0.0989*** (0.0063)
\$30-40k accum. capital	0.1658*** (0.0077)	-0.0140 (0.0264)	0.1745*** (0.0082)	0.0836*** (0.0296)	0.1791*** (0.0082)
\$40-50k accum. capital	0.2225*** (0.0099)	-0.0240 (0.0351)	0.2375*** (0.0106)	0.0536 (0.0379)	0.2438*** (0.0106)
\$10-20k accum. capital * F&F				-0.1610*** (0.0318)	-0.2763*** (0.0416)
\$20-30k accum. capital * F&F				-0.1783*** (0.0323)	-0.3310*** (0.0436)
\$30-40k accum. capital * F&F				-0.2237*** (0.0339)	-0.4023*** (0.0440)
\$40-50k accum. capital * F&F				-0.2075*** (0.0389)	-0.4946*** (0.0551)
Investor proximate to Live Show	0.0162** (0.0066)	0.0130** (0.0061)	0.0188 (0.0267)	0.0133** (0.0060)	
Weeks on Sellaband	0.0488*** (0.0033)	0.0686*** (0.0108)	0.0511*** (0.0035)	0.0636*** (0.0108)	0.0514*** (0.0035)
Observations	136,426	20,700	115,726	20,700	115,726
R-squared	0.032	0.119	0.031	0.126	0.034
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. Unit of analysis is the artist-investor-month. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each month as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

Table A-12: Controlling for video uploaded

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0211*** (0.0012)	0.0101* (0.0061)	0.0213*** (0.0013)	0.0337*** (0.0069)	0.0232*** (0.0013)
\$20-30K accum. capital	0.0277*** (0.0017)	-0.0205** (0.0082)	0.0306*** (0.0017)	0.0305*** (0.0092)	0.0350*** (0.0017)
\$30-40K accum. capital	0.0442*** (0.0021)	-0.0237** (0.0093)	0.0481*** (0.0022)	0.0373*** (0.0111)	0.0547*** (0.0022)
\$40-50K accum. capital	0.0871*** (0.0027)	-0.0109 (0.0110)	0.0934*** (0.0028)	0.0646*** (0.0137)	0.1128*** (0.0029)
\$10-20K accum. capital * F&F				-0.0842*** (0.0100)	-0.0822*** (0.0066)
\$20-30K accum. capital * F&F				-0.1249*** (0.0109)	-0.1270*** (0.0073)
\$30-40K accum. capital * F&F				-0.1456*** (0.0126)	-0.1572*** (0.0075)
\$40-50K accum. capital * F&F				-0.1760*** (0.0151)	-0.2453*** (0.0081)
Videos uploaded (lagged)	0.0083* (0.0043)	0.2033*** (0.0395)	0.0013 (0.0042)	0.2032*** (0.0380)	0.0031 (0.0041)
Investor proximate to Live Show	0.0099* (0.0056)	0.0112 (0.0076)	0.0022 (0.0160)	0.0105 (0.0076)	0.0035 (0.0159)
Weeks on Sellaband	-0.0018*** (0.0002)	-0.0005 (0.0010)	-0.0018*** (0.0002)	0.0001 (0.0010)	-0.0016*** (0.0002)
Observations	703,417	78,685	624,732	78,685	624,732
R-squared	0.011	0.038	0.012	0.048	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5), sample is the \$50K sample and a control for videos uploaded by the artist is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-13: Controlling for video uploaded (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0190*** (0.0018)	0.0185** (0.0078)	0.0184*** (0.0019)	0.0383*** (0.0074)	0.0195*** (0.0018)
\$20-30K accum. capital	0.0252*** (0.0024)	-0.0081 (0.0101)	0.0269*** (0.0025)	0.0166* (0.0095)	0.0281*** (0.0024)
\$30-40K accum. capital	0.0427*** (0.0029)	-0.0116 (0.0113)	0.0464*** (0.0030)	0.0195* (0.0109)	0.0477*** (0.0030)
\$40-50K accum. capital	0.0943*** (0.0038)	0.0028 (0.0152)	0.1018*** (0.0040)	0.0324** (0.0151)	0.1044*** (0.0040)
\$10-20K accum. capital * F&F				-0.0532*** (0.0134)	-0.1121*** (0.0180)
\$20-30K accum. capital * F&F				-0.0600*** (0.0135)	-0.1215*** (0.0183)
\$30-40K accum. capital * F&F				-0.0715*** (0.0138)	-0.1319*** (0.0184)
\$40-50K accum. capital * F&F				-0.0762*** (0.0158)	-0.1890*** (0.0228)
Videos uploaded (lagged)	0.0118* (0.0062)	0.2859*** (0.0501)	0.0007 (0.0059)	0.2806*** (0.0498)	0.0005 (0.0059)
Weeks on Sellaband	-0.0008*** (0.0003)	-0.0043*** (0.0010)	-0.0005** (0.0002)	-0.0042*** (0.0010)	-0.0005** (0.0002)
Observations	411,454	64,258	347,196	64,258	347,196
R-squared	0.014	0.051	0.014	0.053	0.015
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5), sample is the survey sample and a control for videos uploaded by the artist is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-14: Controlling for songs uploaded

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0210*** (0.0012)	0.0083 (0.0061)	0.0213*** (0.0013)	0.0322*** (0.0068)	0.0231*** (0.0013)
\$20-30K accum. capital	0.0276*** (0.0017)	-0.0225*** (0.0082)	0.0306*** (0.0018)	0.0286*** (0.0091)	0.0349*** (0.0017)
\$30-40K accum. capital	0.0440*** (0.0021)	-0.0254*** (0.0093)	0.0481*** (0.0022)	0.0357*** (0.0110)	0.0546*** (0.0022)
\$40-50K accum. capital	0.0869*** (0.0027)	-0.0136 (0.0109)	0.0934*** (0.0028)	0.0618*** (0.0136)	0.1128*** (0.0029)
\$10-20K accum. capital * F&F				-0.0849*** (0.0102)	-0.0822*** (0.0066)
\$20-30K accum. capital * F&F				-0.1252*** (0.0110)	-0.1270*** (0.0073)
\$30-40K accum. capital * F&F				-0.1458*** (0.0127)	-0.1573*** (0.0075)
\$40-50K accum. capital * F&F				-0.1759*** (0.0153)	-0.2454*** (0.0081)
Songs uploaded (lagged)	-0.0010 (0.0009)	-0.0022 (0.0027)	-0.0011 (0.0010)	-0.0016 (0.0027)	-0.0018* (0.0010)
Investor proximate to Live Show	0.0098* (0.0056)	0.0099 (0.0077)	0.0021 (0.0160)	0.0093 (0.0077)	0.0032 (0.0159)
Weeks on Sellaband	-0.0019*** (0.0002)	-0.0018* (0.0009)	-0.0018*** (0.0002)	-0.0013 (0.0009)	-0.0017*** (0.0002)
Observations	703,417	78,685	624,732	78,685	624,732
R-squared	0.011	0.036	0.012	0.046	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5), sample is the \$50K sample and a control for songs uploaded by the artist is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-15: Controlling for songs uploaded (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0188*** (0.0018)	0.0138* (0.0077)	0.0185*** (0.0019)	0.0347*** (0.0074)	0.0196*** (0.0018)
\$20-30K accum. capital	0.0250*** (0.0024)	-0.0133 (0.0101)	0.0270*** (0.0025)	0.0126 (0.0095)	0.0282*** (0.0024)
\$30-40K accum. capital	0.0425*** (0.0029)	-0.0166 (0.0114)	0.0465*** (0.0030)	0.0157 (0.0109)	0.0479*** (0.0030)
\$40-50K accum. capital	0.0943*** (0.0038)	-0.0024 (0.0151)	0.1021*** (0.0040)	0.0282* (0.0151)	0.1047*** (0.0040)
\$10-20K accum. capital * F&F				-0.0562*** (0.0135)	-0.1121*** (0.0180)
\$20-30K accum. capital * F&F				-0.0627*** (0.0136)	-0.1215*** (0.0183)
\$30-40K accum. capital * F&F				-0.0741*** (0.0139)	-0.1320*** (0.0184)
\$40-50K accum. capital * F&F				-0.0784*** (0.0158)	-0.1890*** (0.0228)
Songs uploaded (lagged)	-0.0019** (0.0009)	-0.0018 (0.0028)	-0.0022** (0.0010)	-0.0018 (0.0027)	-0.0022** (0.0010)
Investor proximate to Live Show	0.0125** (0.0055)	0.0158* (0.0088)	-0.0055 (0.0164)	0.0157* (0.0088)	-0.0052 (0.0164)
Weeks on Sellaband	-0.0009*** (0.0003)	-0.0062*** (0.0009)	-0.0005** (0.0002)	-0.0060*** (0.0009)	-0.0005** (0.0002)
Observations	411,454	64,258	347,196	64,258	347,196
R-squared	0.014	0.047	0.014	0.049	0.015
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5), sample is the survey sample and a control for songs uploaded by the artist is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A-16: Controlling for songs and videos uploaded

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0211*** (0.0012)	0.0101* (0.0061)	0.0213*** (0.0013)	0.0338*** (0.0069)	0.0232*** (0.0013)
\$20-30K accum. capital	0.0277*** (0.0017)	-0.0204** (0.0082)	0.0306*** (0.0017)	0.0305*** (0.0092)	0.0350*** (0.0017)
\$30-40K accum. capital	0.0442*** (0.0021)	-0.0235** (0.0093)	0.0481*** (0.0022)	0.0375*** (0.0111)	0.0547*** (0.0022)
\$40-50K accum. capital	0.0871*** (0.0027)	-0.0108 (0.0110)	0.0934*** (0.0028)	0.0647*** (0.0137)	0.1128*** (0.0029)
\$10-20K accum. capital * F&F				-0.0842*** (0.0101)	-0.0822*** (0.0066)
\$20-30K accum. capital * F&F				-0.1248*** (0.0109)	-0.1270*** (0.0073)
\$30-40K accum. capital * F&F				-0.1456*** (0.0126)	-0.1573*** (0.0075)
\$40-50K accum. capital * F&F				-0.1760*** (0.0152)	-0.2454*** (0.0081)
Songs uploaded (lagged)	-0.0011 (0.0009)	-0.0024 (0.0027)	-0.0011 (0.0010)	-0.0018 (0.0027)	-0.0019* (0.0010)
Videos uploaded (lagged)	0.0084* (0.0043)	0.2034*** (0.0395)	0.0014 (0.0042)	0.2032*** (0.0380)	0.0033 (0.0041)
Investor proximate to Live Show	0.0098* (0.0056)	0.0108 (0.0076)	0.0021 (0.0160)	0.0103 (0.0077)	0.0032 (0.0159)
Weeks on Sellaband	-0.0018*** (0.0002)	-0.0005 (0.0010)	-0.0018*** (0.0002)	0.0001 (0.0010)	-0.0016*** (0.0002)
Observations	703,417	78,685	624,732	78,685	624,732
R-squared	0.011	0.038	0.012	0.048	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5), sample is the \$50K sample and controls for songs and videos uploaded by the artist are included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-17: Controlling for songs and videos uploaded (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0191*** (0.0018)	0.0186** (0.0078)	0.0185*** (0.0019)	0.0384*** (0.0074)	0.0196*** (0.0018)
\$20-30K accum. capital	0.0253*** (0.0024)	-0.0083 (0.0101)	0.0271*** (0.0025)	0.0164* (0.0095)	0.0283*** (0.0024)
\$30-40K accum. capital	0.0429*** (0.0029)	-0.0118 (0.0114)	0.0466*** (0.0030)	0.0192* (0.0109)	0.0479*** (0.0030)
\$40-50K accum. capital	0.0947*** (0.0038)	0.0040 (0.0151)	0.1021*** (0.0040)	0.0336** (0.0151)	0.1047*** (0.0040)
\$10-20K accum. capital * F&F				-0.0534*** (0.0134)	-0.1121*** (0.0180)
\$20-30K accum. capital * F&F				-0.0600*** (0.0135)	-0.1215*** (0.0183)
\$30-40K accum. capital * F&F				-0.0715*** (0.0138)	-0.1320*** (0.0184)
\$40-50K accum. capital * F&F				-0.0761*** (0.0158)	-0.1890*** (0.0228)
Songs uploaded (lagged)	-0.0020** (0.0009)	-0.0015 (0.0028)	-0.0022** (0.0010)	-0.0014 (0.0028)	-0.0022** (0.0010)
Videos uploaded (lagged)	0.0119* (0.0062)	0.2867*** (0.0501)	0.0007 (0.0059)	0.2813*** (0.0498)	0.0005 (0.0059)
Investor proximate to Live Show	0.0125** (0.0055)	0.0180** (0.0087)	-0.0055 (0.0164)	0.0179** (0.0087)	-0.0052 (0.0164)
Weeks on Sellaband	-0.0008*** (0.0003)	-0.0043*** (0.0010)	-0.0005** (0.0002)	-0.0042*** (0.0010)	-0.0005** (0.0002)
Observations	411,454	64,258	347,196	64,258	347,196
R-squared	0.014	0.051	0.014	0.053	0.015
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5), sample is the survey sample and controls for songs and videos uploaded by the artist are included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-18: Focal investor's past investment not included in artist's accumulated capital.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0207*** (0.0012)	0.0087 (0.0061)	0.0210*** (0.0013)	0.0337*** (0.0069)	0.0229*** (0.0013)
\$20-30K accum. capital	0.0253*** (0.0017)	-0.0225*** (0.0082)	0.0281*** (0.0018)	0.0312*** (0.0091)	0.0328*** (0.0017)
\$30-40K accum. capital	0.0413*** (0.0021)	-0.0256*** (0.0093)	0.0452*** (0.0022)	0.0366*** (0.0110)	0.0522*** (0.0022)
\$40-50K accum. capital	0.0831*** (0.0027)	-0.0140 (0.0110)	0.0892*** (0.0028)	0.0649*** (0.0135)	0.1088*** (0.0029)
\$10-20K accum. capital * F&F				-0.0870*** (0.0100)	-0.0862*** (0.0066)
\$20-30K accum. capital * F&F				-0.1293*** (0.0110)	-0.1344*** (0.0073)
\$30-40K accum. capital * F&F				-0.1476*** (0.0126)	-0.1658*** (0.0076)
\$40-50K accum. capital * F&F				-0.1814*** (0.0150)	-0.2520*** (0.0081)
Investor proximate to Live Show	0.0079 (0.0056)	0.0105 (0.0076)	-0.0071 (0.0159)	0.0100 (0.0077)	-0.0063 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample where focal investor's past investment is not included in artist's accumulated capital. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-19: Focal investor's past investment not included in artist's accumulated capital (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0201*** (0.0018)	0.0165** (0.0076)	0.0197*** (0.0018)	0.0386*** (0.0073)	0.0209*** (0.0018)
\$20-30K accum. capital	0.0255*** (0.0023)	-0.0122 (0.0100)	0.0276*** (0.0024)	0.0159* (0.0095)	0.0289*** (0.0024)
\$30-40K accum. capital	0.0437*** (0.0028)	-0.0154 (0.0113)	0.0478*** (0.0030)	0.0192* (0.0109)	0.0492*** (0.0030)
\$40-50K accum. capital	0.0954*** (0.0038)	-0.0003 (0.0150)	0.1031*** (0.0040)	0.0312** (0.0151)	0.1057*** (0.0040)
\$10-20K accum. capital * F&F				-0.0588*** (0.0135)	-0.1178*** (0.0184)
\$20-30K accum. capital * F&F				-0.0674*** (0.0135)	-0.1277*** (0.0189)
\$30-40K accum. capital * F&F				-0.0787*** (0.0137)	-0.1376*** (0.0192)
\$40-50K accum. capital * F&F				-0.0807*** (0.0156)	-0.1952*** (0.0234)
Investor proximate to Live Show	0.0128** (0.0055)	0.0167* (0.0087)	-0.0071 (0.0165)	0.0164* (0.0087)	-0.0068 (0.0164)
Weeks on Sellaband	-0.0003** (0.0001)	-0.0001 (0.0008)	-0.0003** (0.0001)	0.0001 (0.0008)	-0.0003** (0.0001)
Observations	414,835	64,403	350,432	64,403	350,432
R-squared	0.014	0.048	0.015	0.050	0.015
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample where focal investor's past investment is not included in artist's accumulated capital. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-20: Controlling for artists' mentions in the Sellaband Newsletter.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0213*** (0.0012)	0.0083 (0.0061)	0.0216*** (0.0013)	0.0341*** (0.0068)	0.0236*** (0.0012)
\$20-30K accum. capital	0.0261*** (0.0017)	-0.0228*** (0.0082)	0.0290*** (0.0017)	0.0303*** (0.0092)	0.0336*** (0.0017)
\$30-40K accum. capital	0.0419*** (0.0021)	-0.0258*** (0.0093)	0.0458*** (0.0022)	0.0374*** (0.0110)	0.0527*** (0.0021)
\$40-50K accum. capital	0.0840*** (0.0027)	-0.0137 (0.0110)	0.0902*** (0.0028)	0.0638*** (0.0137)	0.1099*** (0.0029)
\$10-20K accum. capital * F&F				-0.0897*** (0.0102)	-0.0876*** (0.0066)
\$20-30K accum. capital * F&F				-0.1297*** (0.0111)	-0.1346*** (0.0073)
\$30-40K accum. capital * F&F				-0.1504*** (0.0127)	-0.1657*** (0.0076)
\$40-50K accum. capital * F&F				-0.1809*** (0.0154)	-0.2533*** (0.0082)
Artist in tribune (lagged)	0.0035** (0.0016)	0.0147** (0.0067)	0.0023 (0.0017)	0.0104 (0.0066)	0.0012 (0.0017)
Investor proximate to Live Show	0.0079 (0.0056)	0.0101 (0.0077)	-0.0070 (0.0159)	0.0095 (0.0077)	-0.0062 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample and a control for the artist being mentioned in the Sellaband Newsletter is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-21: Controlling for artists' mentions in the Sellaband Newsletter (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0203*** (0.0018)	0.0144* (0.0077)	0.0201*** (0.0018)	0.0368*** (0.0075)	0.0213*** (0.0018)
\$20-30K accum. capital	0.0262*** (0.0023)	-0.0128 (0.0101)	0.0282*** (0.0024)	0.0147 (0.0097)	0.0295*** (0.0024)
\$30-40K accum. capital	0.0441*** (0.0028)	-0.0157 (0.0114)	0.0482*** (0.0030)	0.0182* (0.0110)	0.0496*** (0.0030)
\$40-50K accum. capital	0.0962*** (0.0038)	-0.0008 (0.0152)	0.1040*** (0.0040)	0.0315** (0.0153)	0.1067*** (0.0040)
\$10-20K accum. capital * F&F				-0.0603*** (0.0136)	-0.1204*** (0.0184)
\$20-30K accum. capital * F&F				-0.0665*** (0.0137)	-0.1299*** (0.0189)
\$30-40K accum. capital * F&F				-0.0778*** (0.0139)	-0.1411*** (0.0190)
\$40-50K accum. capital * F&F				-0.0823*** (0.0159)	-0.1976*** (0.0233)
Artist in tribune (lagged)	0.0051** (0.0026)	0.0138* (0.0083)	0.0034 (0.0027)	0.0123 (0.0084)	0.0032 (0.0027)
Investor proximate to Live Show	0.0128** (0.0055)	0.0160* (0.0088)	-0.0065 (0.0165)	0.0160* (0.0088)	-0.0062 (0.0164)
Weeks on Sellaband	-0.0003** (0.0001)	-0.0001 (0.0008)	-0.0003** (0.0001)	0.0001 (0.0008)	-0.0003** (0.0001)
Observations	414,835	64,403	350,432	64,403	350,432
R-squared	0.014	0.048	0.015	0.050	0.016
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample and a control for the artist being mentioned in the Sellaband Newsletter is included. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-22: Logit

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.5221*** (0.0244)	0.3245*** (0.0817)	0.4852*** (0.0259)	0.8977*** (0.1084)	0.6277*** (0.0273)
\$20-30K accum. capital	0.5873*** (0.0305)	-0.4383*** (0.1139)	0.6146*** (0.0319)	1.1361*** (0.1388)	0.8775*** (0.0332)
\$30-40K accum. capital	1.0219*** (0.0360)	-0.0900 (0.1328)	1.0373*** (0.0377)	1.6513*** (0.1639)	1.3692*** (0.0391)
\$40-50K accum. capital	1.5722*** (0.0369)	0.0233 (0.1454)	1.6006*** (0.0386)	1.8800*** (0.1773)	2.0589*** (0.0400)
\$10-20K accum. capital * F&F				-1.5243*** (0.1321)	-2.0234*** (0.0829)
\$20-30K accum. capital * F&F				-3.2969*** (0.1556)	-3.7154*** (0.1016)
\$30-40K accum. capital * F&F				-4.1348*** (0.2042)	-5.0341*** (0.1218)
\$40-50K accum. capital * F&F				-4.5821*** (0.2347)	-6.4427*** (0.1362)
Investor proximate to Live Show	0.0363 (0.1326)	0.1070 (0.1891)	-0.1198 (0.2087)	0.0893 (0.1910)	-0.1532 (0.2129)
Weeks on Sellaband	-0.0274*** (0.0026)	-0.0393*** (0.0081)	-0.0232*** (0.0026)	-0.0431*** (0.0083)	-0.0240*** (0.0027)
Observations	708,745	78,845	629,900	78,845	629,900
Number of group	18,234	1,526	16,708	1,526	16,708
Log Likelihood	-85892	-7481	-77677	-7114	-75897

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. All Logit regressions include a full set of fixed effects for each artist-investor pair (differenced out using xtlogit command in Stata) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-23: Logit (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.4902*** (0.0338)	0.5093*** (0.1078)	0.4588*** (0.0366)	0.9354*** (0.1362)	0.4988*** (0.0371)
\$20-30K accum. capital	0.5679*** (0.0429)	-0.3785** (0.1514)	0.5976*** (0.0452)	0.0160 (0.1895)	0.6512*** (0.0457)
\$30-40K accum. capital	1.1685*** (0.0511)	0.0071 (0.1737)	1.2039*** (0.0546)	0.8340*** (0.2170)	1.2717*** (0.0551)
\$40-50K accum. capital	1.9472*** (0.0548)	0.1942 (0.1954)	2.0231*** (0.0585)	0.9676*** (0.2375)	2.1039*** (0.0590)
\$10-20K accum. capital * F&F				-0.7639*** (0.1596)	-1.6094*** (0.1875)
\$20-30K accum. capital * F&F				-0.5262*** (0.1848)	-2.1366*** (0.1988)
\$30-40K accum. capital * F&F				-1.5120*** (0.2441)	-2.7736*** (0.2501)
\$40-50K accum. capital * F&F				-1.5142*** (0.2885)	-3.3864*** (0.2786)
Investor proximate to Live Show	0.2225 (0.1676)	0.1451 (0.2174)	0.1151 (0.3518)	0.1654 (0.2170)	0.1007 (0.3544)
Weeks on Sellaband	-0.0275 (9.8981)	-0.0446*** (0.0113)	-0.0245 (8.9243)	-0.0451*** (0.0115)	-0.0247 (9.1012)
Observations	414,481	64,367	350,114	64,367	350,114
Number of group	9,512	1,063	8,449	1,063	8,449
Log Likelihood	-45087	-5090	-39395	-5063	-39288

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. All Logit regressions include a full set of fixed effects for each artist-investor pair (differenced out using xtlogit command in Stata) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-24: Logit with week on Sellaband dummies.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.6432*** (0.0256)	0.4179*** (0.0846)	0.6100*** (0.0273)	0.9963*** (0.1110)	0.7234*** (0.0288)
\$20-30K accum. capital	0.7432*** (0.0322)	-0.3102*** (0.1172)	0.7646*** (0.0338)	1.1674*** (0.1407)	0.9937*** (0.0352)
\$30-40K accum. capital	1.1939*** (0.0374)	-0.0174 (0.1371)	1.1984*** (0.0394)	1.6317*** (0.1650)	1.5000*** (0.0409)
\$40-50K accum. capital	1.7968*** (0.0390)	0.2636* (0.1509)	1.8046*** (0.0410)	1.9570*** (0.1790)	2.2287*** (0.0424)
\$10-20K accum. capital * F&F				-1.4681*** (0.1328)	-2.0789*** (0.0832)
\$20-30K accum. capital * F&F				-3.1022*** (0.1558)	-3.7092*** (0.1015)
\$30-40K accum. capital * F&F				-3.9063*** (0.2034)	-4.9882*** (0.1212)
\$40-50K accum. capital * F&F				-4.2675*** (0.2353)	-6.4220*** (0.1359)
4th to 6th month on Sellaband	-0.3783*** (0.0279)	-1.4634*** (0.0935)	-0.2556*** (0.0299)	-1.1839*** (0.0959)	-0.2481*** (0.0305)
6th to 12th month on Sellaband	-0.4824*** (0.0372)	-1.6303*** (0.1360)	-0.3686*** (0.0396)	-1.2736*** (0.1423)	-0.4010*** (0.0405)
12+ months on Sellaband	-0.1902*** (0.0588)	-1.3676*** (0.2102)	-0.1077* (0.0624)	-0.8722*** (0.2197)	-0.1821*** (0.0632)
Investor proximate to Live Show	0.0332 (0.1319)	0.1986 (0.1908)	-0.1545 (0.2084)	0.1511 (0.1918)	-0.1763 (0.2123)
Observations	708,745	78,845	629,900	78,845	629,900
Number of group	18,234	1,526	16,708	1,526	16,708
Log Likelihood	-85689	-7325	-77567	-7010	-75798

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. All Logit regressions include a full set of fixed effects for each artist-investor pair (differenced out using xtlogit command in Stata) and each week as well as a control for live shows proximate to the investor. Using dummies instead of the Weeks on Sellaband variable because of sample size. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-25: Logit with week on Sellaband dummies (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.6280*** (0.0373)	0.4113*** (0.1135)	0.5384*** (0.0407)	0.6498*** (0.1407)	0.5828*** (0.0413)
\$20-30K accum. capital	0.6761*** (0.0476)	-0.3725** (0.1608)	0.6462*** (0.0510)	-0.1977 (0.1947)	0.7047*** (0.0515)
\$30-40K accum. capital	1.2797*** (0.0541)	0.0051 (0.1874)	1.2622*** (0.0582)	0.5850*** (0.2241)	1.3348*** (0.0587)
\$40-50K accum. capital	2.1042*** (0.0582)	0.4219** (0.2067)	2.1091*** (0.0625)	0.8697*** (0.2429)	2.1950*** (0.0631)
\$10-20K accum. capital * F&F				-0.4068** (0.1594)	-1.6395*** (0.1875)
\$20-30K accum. capital * F&F				-0.1520 (0.1844)	-2.1455*** (0.1983)
\$30-40K accum. capital * F&F				-1.0758*** (0.2421)	-2.7907*** (0.2495)
\$40-50K accum. capital * F&F				-0.8553*** (0.2833)	-3.4002*** (0.2782)
4th to 6th month on Sellaband	-0.2833*** (0.0396)	-1.6817*** (0.1236)	-0.1063** (0.0443)	-1.6637*** (0.1259)	-0.1099** (0.0444)
6th to 12th month on Sellaband	-0.2102*** (0.0533)	-1.8719*** (0.1885)	-0.0480 (0.0582)	-1.8644*** (0.1915)	-0.0570 (0.0584)
12+ months on Sellaband	0.1851** (0.0819)	-1.7372*** (0.2829)	0.2830*** (0.0889)	-1.8252*** (0.2842)	0.2806*** (0.0891)
Investor proximate to Live Show	0.1994 (0.1667)	0.1948 (0.2190)	0.0459 (0.3501)	0.2035 (0.2184)	0.0287 (0.3525)
Observations	414,481	64,367	350,114	64,367	350,114
Number of group	9,512	1,063	8,449	1,063	8,449
Log Likelihood	-45010	-4982	-39367	-4968	-39258

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. All Logit regressions include a full set of fixed effects for each artist-investor pair (differenced out using xtlogit command in Stata) and each week as well as a control for live shows proximate to the investor. Using dummies instead of the Weeks on Sellaband variable because of sample size. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-26: Positive parts, fixed effects Poisson with week on Sellaband dummies.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.6107*** (0.0719)	0.2830 (0.1985)	0.6627*** (0.0739)	0.7902** (0.3347)	0.7838*** (0.0778)
\$20-30K accum. capital	0.7417*** (0.0971)	0.2925 (0.2488)	0.8191*** (0.1034)	1.1478*** (0.3039)	0.9976*** (0.1076)
\$30-40K accum. capital	1.1343*** (0.1108)	0.3894 (0.2635)	1.2925*** (0.1108)	1.3786*** (0.3627)	1.5471*** (0.1140)
\$40-50K accum. capital	1.9304*** (0.1096)	1.1146*** (0.3124)	2.1014*** (0.1159)	2.1339*** (0.4038)	2.4537*** (0.1173)
\$10-20K accum. capital * F&F				-1.2872*** (0.3940)	-1.4447*** (0.1737)
\$20-30K accum. capital * F&F				-2.1374*** (0.4334)	-2.2867*** (0.2581)
\$30-40K accum. capital * F&F				-2.8711*** (0.5144)	-3.2320*** (0.3216)
\$40-50K accum. capital * F&F				-3.0489*** (0.5648)	-4.5190*** (0.3705)
4th to 6th month on Sellaband	-0.2535*** (0.0760)	-0.4433** (0.2033)	-0.1953** (0.0818)	-0.3531* (0.1963)	-0.1998** (0.0821)
6th to 12th month on Sellaband	-0.3922*** (0.1117)	-0.0717 (0.2747)	-0.4668*** (0.1150)	-0.0301 (0.2687)	-0.5147*** (0.1163)
12+ months on Sellaband	-0.0479 (0.1603)	0.1098 (0.3453)	-0.1383 (0.1656)	0.2670 (0.3962)	-0.2343 (0.1677)
Investor proximate to Live Show	0.3915* (0.2159)	0.3159 (0.2031)	0.6030 (0.4772)	0.2788 (0.1973)	0.5053 (0.4013)
Observations	708,966	78,855	630,111	78,855	630,111
Number of group	18,322	1,530	16,792	1,530	16,792
Log Likelihood	-343487	-45090	-291712	-43195	-285300

Dependent variable is positive parts in columns (1)-(5) and sample is the \$50K sample. All Poisson regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Estimated using xtpqml in stata (Simcoe 2007). Using dummies instead of the Weeks on Sellaband variable because of sample size. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-27: Positive parts, fixed effects Poisson with week on Sellaband dummies (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.2965*** (0.0925)	-0.0626 (0.2123)	0.3832*** (0.1020)	-0.0035 (0.3006)	0.4526*** (0.1051)
\$20-30K accum. capital	0.3346** (0.1396)	-0.1165 (0.3629)	0.4386*** (0.1521)	-0.3110 (0.3982)	0.5363*** (0.1553)
\$30-40K accum. capital	0.6581*** (0.1308)	-0.0666 (0.3305)	0.8075*** (0.1448)	0.4280 (0.4630)	0.9303*** (0.1459)
\$40-50K accum. capital	1.6418*** (0.1447)	0.3970 (0.3640)	1.8731*** (0.1582)	1.0085** (0.4919)	2.0042*** (0.1582)
\$10-20K accum. capital * F&F				-0.1247 (0.4103)	-1.2005*** (0.4261)
\$20-30K accum. capital * F&F				0.2041 (0.4818)	-1.7962*** (0.4455)
\$30-40K accum. capital * F&F				-0.8446 (0.5177)	-2.4597*** (0.4594)
\$40-50K accum. capital * F&F				-1.0741** (0.5430)	-2.9297*** (0.6236)
4th to 6th month on Sellaband	-0.4016*** (0.0811)	-0.2402 (0.1925)	-0.4017*** (0.0860)	-0.1790 (0.1988)	-0.4040*** (0.0853)
6th to 12th month on Sellaband	-0.3729*** (0.1419)	-0.1179 (0.3553)	-0.4642*** (0.1514)	-0.0271 (0.3511)	-0.4979*** (0.1510)
12+ months on Sellaband	-0.4192** (0.2034)	-0.4876 (0.4719)	-0.5420** (0.2144)	-0.4738 (0.4646)	-0.5672*** (0.2088)
Investor proximate to Live Show	0.2353 (0.1594)	0.2967* (0.1665)	-0.0752 (0.6071)	0.3000* (0.1677)	-0.0927 (0.6075)
Observations	414,587	64,372	350,215	64,372	350,215
Number of group	9,552	1,065	8,487	1,065	8,487
Log Likelihood	-188248	-33478	-152726	-33264	-151850

Dependent variable is positive parts in columns (1)-(5) and sample is the survey sample. All Poisson regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Estimated using xtpqml in stata (Simcoe 2007). Using dummies instead of the Weeks on Sellaband variable because of sample size. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-28: Total Parts, OLS

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.1218*** (0.0176)	0.0280 (0.1565)	0.1267*** (0.0165)	0.2628 (0.1858)	0.1356*** (0.0166)
\$20-30K accum. capital	0.1653*** (0.0279)	-0.1222 (0.2250)	0.1775*** (0.0267)	0.3227 (0.2735)	0.1914*** (0.0268)
\$30-40K accum. capital	0.2575*** (0.0353)	-0.1125 (0.2489)	0.2761*** (0.0342)	0.3892 (0.2766)	0.3026*** (0.0347)
\$40-50K accum. capital	0.6287*** (0.0560)	0.0798 (0.4404)	0.6674*** (0.0538)	0.9405 (0.6817)	0.7726*** (0.0572)
\$10-20K accum. capital * F&F				-0.8041*** (0.2191)	-0.3774*** (0.0534)
\$20-30K accum. capital * F&F				-1.1097*** (0.2402)	-0.5169*** (0.0634)
\$30-40K accum. capital * F&F				-1.2379*** (0.2401)	-0.6791*** (0.0733)
\$40-50K accum. capital * F&F				-1.8783*** (0.5488)	-1.2354*** (0.0839)
Investor proximate to Live Show	0.1644 (0.1172)	0.0568 (0.1004)	0.4274 (0.4483)	0.0492 (0.1014)	0.4344 (0.4481)
Weeks on Sellaband	-0.0095*** (0.0035)	-0.0115* (0.0064)	-0.0093** (0.0037)	-0.0058 (0.0061)	-0.0088** (0.0037)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.002	0.003	0.004	0.004	0.004
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is total parts in columns (1)-(5) and sample is the \$50K sample. Total parts includes a small number of disinvestments where investors withdraw money from an artist. Therefore, the analysis is done with OLS rather than fixed effects poisson. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-29: Total Parts, OLS (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.1033*** (0.0255)	-0.0529 (0.2048)	0.1114*** (0.0235)	0.1186 (0.1373)	0.1201*** (0.0233)
\$20-30K accum. capital	0.1596*** (0.0393)	-0.1765 (0.2844)	0.1712*** (0.0372)	0.0349 (0.2071)	0.1819*** (0.0370)
\$30-40K accum. capital	0.2469*** (0.0468)	-0.1222 (0.3123)	0.2565*** (0.0434)	0.1828 (0.2333)	0.2702*** (0.0430)
\$40-50K accum. capital	0.6600*** (0.0771)	0.0612 (0.4098)	0.7091*** (0.0793)	0.4473 (0.3432)	0.7304*** (0.0796)
\$10-20K accum. capital * F&F				-0.4536 (0.3034)	-1.0023*** (0.2661)
\$20-30K accum. capital * F&F				-0.5112 (0.3178)	-1.1650*** (0.3141)
\$30-40K accum. capital * F&F				-0.6955** (0.3189)	-1.3645*** (0.3480)
\$40-50K accum. capital * F&F				-1.0134** (0.4115)	-1.7091*** (0.3909)
Investor proximate to Live Show	0.0703 (0.0640)	0.1447 (0.1105)	-0.0468 (0.1311)	0.1379 (0.1116)	-0.0379 (0.1315)
Weeks on Sellaband	-0.0006 (0.0027)	-0.0027 (0.0058)	-0.0005 (0.0028)	0.0001 (0.0064)	-0.0005 (0.0028)
Observations	414,835	64,403	350,432	64,403	350,432
R-squared	0.002	0.004	0.004	0.004	0.004
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is total parts in columns (1)-(5) and sample is the survey sample. Total parts includes a small number of disinvestments where investors withdraw money from an artist. Therefore, the analysis is done with OLS rather than fixed effects poisson. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-30: Random Effects.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0298*** (0.0011)	0.0092* (0.0054)	0.0309*** (0.0011)	0.0266*** (0.0060)	0.0293*** (0.0011)
\$20-30K accum. capital	0.0419*** (0.0013)	-0.0115* (0.0069)	0.0454*** (0.0014)	0.0314*** (0.0079)	0.0464*** (0.0014)
\$30-40K accum. capital	0.0676*** (0.0017)	-0.0019 (0.0079)	0.0720*** (0.0017)	0.0477*** (0.0099)	0.0743*** (0.0017)
\$40-50K accum. capital	0.1252*** (0.0023)	0.0322*** (0.0096)	0.1318*** (0.0023)	0.0880*** (0.0128)	0.1416*** (0.0024)
\$10-20K accum. capital * F&F				-0.0513*** (0.0067)	0.0195*** (0.0033)
\$20-30K accum. capital * F&F				-0.0850*** (0.0071)	-0.0077*** (0.0027)
\$30-40K accum. capital * F&F				-0.0996*** (0.0090)	-0.0185*** (0.0030)
\$40-50K accum. capital * F&F				-0.1130*** (0.0123)	-0.0657*** (0.0042)
Investor proximate to Live Show	0.0134** (0.0058)	0.0157** (0.0079)	0.0020 (0.0157)	0.0152* (0.0079)	0.0021 (0.0157)
Weeks on Sellaband	-0.0011*** (0.0000)	-0.0016*** (0.0002)	-0.0010*** (0.0000)	-0.0020*** (0.0002)	-0.0011*** (0.0000)
Observations	709,471	78,897	630,574	78,897	630,574
Number of group	18,827	1,572	17,255	1,572	17,255

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. All regressions include a full set of random effects for each artist-investor pair and fixed effects for each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-31: Random Effects (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0271*** (0.0016)	0.0130* (0.0070)	0.0286*** (0.0016)	0.0215*** (0.0067)	0.0288*** (0.0016)
\$20-30K accum. capital	0.0440*** (0.0019)	-0.0033 (0.0088)	0.0484*** (0.0019)	0.0097 (0.0083)	0.0487*** (0.0019)
\$30-40K accum. capital	0.0734*** (0.0023)	0.0068 (0.0100)	0.0800*** (0.0024)	0.0263*** (0.0098)	0.0804*** (0.0024)
\$40-50K accum. capital	0.1462*** (0.0033)	0.0596*** (0.0137)	0.1564*** (0.0034)	0.0762*** (0.0138)	0.1579*** (0.0034)
\$10-20K accum. capital * F&F				-0.0225** (0.0088)	-0.0190** (0.0085)
\$20-30K accum. capital * F&F				-0.0292*** (0.0080)	-0.0229*** (0.0064)
\$30-40K accum. capital * F&F				-0.0403*** (0.0087)	-0.0276*** (0.0075)
\$40-50K accum. capital * F&F				-0.0398*** (0.0127)	-0.0776*** (0.0130)
Investor proximate to Live Show	0.0192*** (0.0060)	0.0260*** (0.0091)	-0.0034 (0.0176)	0.0258*** (0.0091)	-0.0028 (0.0176)
Weeks on Sellaband	-0.0013*** (0.0000)	-0.0026*** (0.0003)	-0.0013*** (0.0000)	-0.0027*** (0.0003)	-0.0013*** (0.0000)
Observations	414,835	64,403	350,432	64,403	350,432
Number of group	9,800	1,096	8,704	1,096	8,704

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. All regressions include a full set of random effects for each artist-investor pair and fixed effects for each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-32: Local defined as within 25 km

VARIABLES	(1)	(2)	(3)	(4)
	LOCAL 25 km	DISTANT	LOCAL 25 km	DISTANT
\$10-20K accum. capital	-0.0101 (0.0089)	0.0218*** (0.0012)	0.0194* (0.0108)	0.0232*** (0.0012)
\$20-30K accum. capital	-0.0455*** (0.0121)	0.0283*** (0.0017)	0.0057 (0.0142)	0.0327*** (0.0017)
\$30-40K accum. capital	-0.0434*** (0.0134)	0.0444*** (0.0021)	0.0173 (0.0167)	0.0503*** (0.0021)
\$40-50K accum. capital	-0.0276* (0.0156)	0.0873*** (0.0027)	0.0454** (0.0206)	0.1068*** (0.0028)
\$10-20K accum. capital * F&F			-0.0759*** (0.0139)	-0.0943*** (0.0062)
\$20-30K accum. capital * F&F			-0.1098*** (0.0148)	-0.1356*** (0.0066)
\$30-40K accum. capital * F&F			-0.1286*** (0.0173)	-0.1638*** (0.0069)
\$40-50K accum. capital * F&F			-0.1514*** (0.0216)	-0.2463*** (0.0074)
Investor proximate to Live Show	0.0136 (0.0099)	0.0007 (0.0086)	0.0130 (0.0099)	0.0039 (0.0086)
Weeks on Sellaband	-0.0033*** (0.0012)	-0.0032*** (0.0003)	-0.0029** (0.0012)	-0.0031*** (0.0003)
Observations	36,186	673,285	36,186	673,285
R-squared	0.035	0.012	0.043	0.019
Number of group	748	18,079	748	18,079

Dependent variable is any investment in columns (1)-(4) and sample is the \$50K sample. All investors within 25 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-33: Local defined as within 25 km (Survey Sample).

VARIABLES	(1)	(2)	(3)	(4)
	LOCAL 25 km	DISTANT	LOCAL 25 km	DISTANT
\$10-20K accum. capital	-0.0067 (0.0101)	0.0208*** (0.0018)	0.0047 (0.0102)	0.0225*** (0.0018)
\$20-30K accum. capital	-0.0292** (0.0142)	0.0279*** (0.0024)	-0.0189 (0.0137)	0.0301*** (0.0023)
\$30-40K accum. capital	-0.0303* (0.0157)	0.0464*** (0.0029)	-0.0098 (0.0155)	0.0485*** (0.0029)
\$40-50K accum. capital	-0.0211 (0.0195)	0.1006*** (0.0039)	-0.0053 (0.0193)	0.1044*** (0.0039)
\$10-20K accum. capital * F&F			-0.0237 (0.0155)	-0.1240*** (0.0165)
\$20-30K accum. capital * F&F			-0.0199 (0.0154)	-0.1443*** (0.0171)
\$30-40K accum. capital * F&F			-0.0397** (0.0161)	-0.1510*** (0.0169)
\$40-50K accum. capital * F&F			-0.0358* (0.0197)	-0.2031*** (0.0189)
Investor proximate to Live Show	0.0201* (0.0119)	0.0049 (0.0072)	0.0199* (0.0120)	0.0058 (0.0072)
Weeks on Sellaband	-0.0021 (0.0022)	-0.0003*** (0.0001)	-0.0021 (0.0022)	-0.0003** (0.0001)
Observations	29,461	385,374	29,461	385,374
R-squared	0.041	0.015	0.042	0.017
Number of group	502	9,298	502	9,298

Dependent variable is any investment in columns (1)-(4) and sample is the survey sample. All investors within 25 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-34: Local defined as within 50 km

VARIABLES	(1)	(2)	(3)	(4)
	LOCAL 50 km	DISTANT	LOCAL 50 km	DISTANT
\$10-20K accum. capital	0.0021 (0.0076)	0.0215*** (0.0012)	0.0322*** (0.0091)	0.0233*** (0.0012)
\$20-30K accum. capital	-0.0288*** (0.0103)	0.0283*** (0.0017)	0.0276** (0.0119)	0.0329*** (0.0017)
\$30-40K accum. capital	-0.0336*** (0.0114)	0.0451*** (0.0021)	0.0335** (0.0143)	0.0517*** (0.0021)
\$40-50K accum. capital	-0.0251* (0.0134)	0.0891*** (0.0028)	0.0524*** (0.0174)	0.1086*** (0.0028)
\$10-20K accum. capital * F&F			-0.0803*** (0.0121)	-0.0909*** (0.0065)
\$20-30K accum. capital * F&F			-0.1184*** (0.0130)	-0.1377*** (0.0071)
\$30-40K accum. capital * F&F			-0.1396*** (0.0155)	-0.1644*** (0.0073)
\$40-50K accum. capital * F&F			-0.1590*** (0.0181)	-0.2521*** (0.0079)
Investor proximate to Live Show	0.0090 (0.0087)	-0.0053 (0.0147)	0.0085 (0.0087)	-0.0043 (0.0146)
Weeks on Sellaband	-0.0038*** (0.0011)	-0.0032*** (0.0003)	-0.0034*** (0.0011)	-0.0030*** (0.0003)
Observations	57,855	651,616	57,855	651,616
R-squared	0.042	0.012	0.050	0.019
Number of group	1,164	17,663	1,164	17,663

Dependent variable is any investment in columns (1)-(4) and sample is the \$50K sample. All investors within 50 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-35: Local defined as within 50 km (Survey Sample).

VARIABLES	(1)	(2)	(3)	(4)
	LOCAL 50 km	DISTANT	LOCAL 50 km	DISTANT
\$10-20K accum. capital	0.0108 (0.0086)	0.0200*** (0.0018)	0.0259*** (0.0089)	0.0215*** (0.0018)
\$20-30K accum. capital	-0.0117 (0.0115)	0.0273*** (0.0024)	0.0066 (0.0112)	0.0292*** (0.0024)
\$30-40K accum. capital	-0.0176 (0.0128)	0.0470*** (0.0029)	0.0072 (0.0128)	0.0489*** (0.0029)
\$40-50K accum. capital	-0.0047 (0.0165)	0.1024*** (0.0039)	0.0188 (0.0168)	0.1057*** (0.0039)
\$10-20K accum. capital * F&F			-0.0331** (0.0141)	-0.1402*** (0.0208)
\$20-30K accum. capital * F&F			-0.0380*** (0.0138)	-0.1561*** (0.0216)
\$30-40K accum. capital * F&F			-0.0502*** (0.0146)	-0.1614*** (0.0213)
\$40-50K accum. capital * F&F			-0.0530*** (0.0164)	-0.2159*** (0.0239)
Investor proximate to Live Show	0.0174* (0.0099)	-0.0036 (0.0147)	0.0172* (0.0100)	-0.0031 (0.0146)
Weeks on Sellaband	-0.0002 (0.0008)	-0.0003** (0.0001)	-0.0001 (0.0008)	-0.0003** (0.0001)
Observations	48,239	366,596	48,239	366,596
R-squared	0.052	0.015	0.053	0.016
Number of group	804	8,996	804	8,996

Dependent variable is any investment in columns (1)-(4) and sample is the survey sample. All investors within 50 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-36: Local defined as within 200 km

VARIABLES	(1) LOCAL 200 km	(2) DISTANT	(3) LOCAL 200 km	(4) DISTANT
\$10-20K accum. capital	0.0075* (0.0043)	0.0227*** (0.0013)	0.0220*** (0.0045)	0.0247*** (0.0013)
\$20-30K accum. capital	-0.0226*** (0.0061)	0.0311*** (0.0018)	0.0150** (0.0063)	0.0350*** (0.0018)
\$30-40K accum. capital	-0.0202*** (0.0068)	0.0483*** (0.0022)	0.0216*** (0.0069)	0.0553*** (0.0022)
\$40-50K accum. capital	-0.0048 (0.0088)	0.0936*** (0.0029)	0.0592*** (0.0100)	0.1128*** (0.0029)
\$10-20K accum. capital * F&F			-0.0896*** (0.0082)	-0.0870*** (0.0073)
\$20-30K accum. capital * F&F			-0.1317*** (0.0085)	-0.1292*** (0.0082)
\$30-40K accum. capital * F&F			-0.1469*** (0.0090)	-0.1670*** (0.0084)
\$40-50K accum. capital * F&F			-0.1879*** (0.0110)	-0.2608*** (0.0091)
Investor proximate to Live Show	0.0063 (0.0062)	-0.0063 (0.0167)	0.0087 (0.0063)	-0.0052 (0.0166)
Weeks on Sellaband	-0.0032*** (0.0008)	-0.0027*** (0.0004)	-0.0027*** (0.0008)	-0.0026*** (0.0004)
Observations	125,883	583,588	125,883	583,588
R-squared	0.028	0.012	0.039	0.018
Number of group	2,460	16,367	2,460	16,367

Dependent variable is any investment in columns (1)-(4) and sample is the \$50K sample. All investors within 200 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-37: Local defined as within 200 km (Survey Sample).

VARIABLES	(1) LOCAL 200 km	(2) DISTANT	(3) LOCAL 200 km	(4) DISTANT
\$10-20K accum. capital	0.0068 (0.0051)	0.0213*** (0.0019)	0.0217*** (0.0049)	0.0221*** (0.0019)
\$20-30K accum. capital	-0.0225*** (0.0072)	0.0315*** (0.0025)	-0.0023 (0.0069)	0.0324*** (0.0025)
\$30-40K accum. capital	-0.0209*** (0.0080)	0.0534*** (0.0031)	0.0051 (0.0076)	0.0543*** (0.0031)
\$40-50K accum. capital	-0.0040 (0.0126)	0.1114*** (0.0041)	0.0243* (0.0128)	0.1134*** (0.0041)
\$10-20K accum. capital * F&F			-0.0691*** (0.0119)	-0.1250*** (0.0243)
\$20-30K accum. capital * F&F			-0.0795*** (0.0119)	-0.1349*** (0.0252)
\$30-40K accum. capital * F&F			-0.0963*** (0.0120)	-0.1445*** (0.0246)
\$40-50K accum. capital * F&F			-0.1073*** (0.0142)	-0.2038*** (0.0305)
Investor proximate to Live Show	0.0092 (0.0068)	-0.0028 (0.0180)	0.0109 (0.0068)	-0.0025 (0.0180)
Weeks on Sellaband	0.0002 (0.0008)	-0.0004*** (0.0001)	0.0005 (0.0008)	-0.0004*** (0.0001)
Observations	103,370	311,465	103,370	311,465
R-squared	0.029	0.016	0.033	0.017
Number of group	1,689	8,111	1,689	8,111

Dependent variable is any investment in columns (1)-(4) and sample is the survey sample. All investors within 200 km from the artists are here coded as local investors. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-38: If geographic information is missing, coded as distant

VARIABLES	(1) Invest =1 with NAs	(2) LOCAL	(3) DISTANT or NAs	(4) LOCAL	(5) DISTANT or NAs
\$10-20K accum. capital	0.0180*** (0.0012)	0.0083 (0.0061)	0.0181*** (0.0012)	0.0340*** (0.0068)	0.0232*** (0.0012)
\$20-30K accum. capital	0.0216*** (0.0016)	-0.0225*** (0.0082)	0.0240*** (0.0017)	0.0307*** (0.0092)	0.0317*** (0.0017)
\$30-40K accum. capital	0.0357*** (0.0020)	-0.0255*** (0.0093)	0.0388*** (0.0021)	0.0377*** (0.0110)	0.0493*** (0.0021)
\$40-50K accum. capital	0.0731*** (0.0026)	-0.0137 (0.0110)	0.0780*** (0.0027)	0.0639*** (0.0137)	0.1057*** (0.0028)
\$10-20K accum. capital * F&F				-0.0898*** (0.0102)	-0.1120*** (0.0053)
\$20-30K accum. capital * F&F				-0.1301*** (0.0111)	-0.1462*** (0.0055)
\$30-40K accum. capital * F&F				-0.1507*** (0.0127)	-0.1709*** (0.0057)
\$40-50K accum. capital * F&F				-0.1812*** (0.0154)	-0.2440*** (0.0060)
Investor proximate to Live Show	0.0054 (0.0053)	0.0105 (0.0076)	-0.0108 (0.0125)	0.0098 (0.0077)	-0.0075 (0.0126)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0032*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	783,372	78,897	704,475	78,897	704,475
R-squared	0.012	0.039	0.011	0.049	0.020
Number of group	20,826	1,572	19,254	1,572	19,254

Dependent variable is any investment in columns (1)-(5) and sample is the \$50K sample. If geographic information on the investor is missing, the investor is coded as a distant investor. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-39: If geographic information is missing, coded as distant (Survey Sample).

VARIABLES	(1)	(2)	(3)	(4)	(5)
	Invest =1 with NAs	LOCAL	DISTANT or NAs	LOCAL	DISTANT or NAs
\$10-20K accum. capital	0.0113*** (0.0017)	0.0187** (0.0073)	0.0101*** (0.0018)	0.0405*** (0.0073)	0.0135*** (0.0017)
\$20-30K accum. capital	0.0140*** (0.0023)	-0.0045 (0.0095)	0.0144*** (0.0024)	0.0227** (0.0092)	0.0184*** (0.0023)
\$30-40K accum. capital	0.0289*** (0.0027)	-0.0051 (0.0107)	0.0305*** (0.0029)	0.0283*** (0.0105)	0.0349*** (0.0029)
\$40-50K accum. capital	0.0720*** (0.0036)	0.0138 (0.0146)	0.0762*** (0.0038)	0.0449*** (0.0148)	0.0829*** (0.0038)
\$10-20K accum. capital * F&F				-0.0592*** (0.0133)	-0.1186*** (0.0119)
\$20-30K accum. capital * F&F				-0.0663*** (0.0133)	-0.1316*** (0.0117)
\$30-40K accum. capital * F&F				-0.0771*** (0.0136)	-0.1399*** (0.0121)
\$40-50K accum. capital * F&F				-0.0802*** (0.0155)	-0.1746*** (0.0130)
Investor proximate to Live Show	0.0098* (0.0053)	0.0169* (0.0087)	-0.0097 (0.0122)	0.0168* (0.0088)	-0.0075 (0.0123)
Weeks on Sellaband	-0.0002 (0.0001)	-0.0003 (0.0008)	-0.0001 (0.0001)	-0.0001 (0.0008)	-0.0001 (0.0001)
Observations	454,771	64,188	390,583	64,188	390,583
R-squared	0.015	0.048	0.014	0.050	0.016
Number of group	10,544	1,085	9,459	1,085	9,459

Dependent variable is any investment in columns (1)-(5) and sample is the survey sample. If geographic information on the investor is missing, the investor is coded as a distant investor. All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-40: Distant and local in same regression

VARIABLES	(1) Invest=1	(2) Invest=1
\$10-20K accum. capital	-0.0139*** (0.0046)	0.0092** (0.0046)
\$20-30K accum. capital	-0.0289*** (0.0052)	0.0230*** (0.0055)
\$30-40K accum. capital	-0.0242*** (0.0060)	0.0448*** (0.0066)
\$40-50K accum. capital	-0.0145** (0.0068)	0.1089*** (0.0078)
\$10-20K accum. capital * F&F		-0.0886*** (0.0055)
\$20-30K accum. capital * F&F		-0.1321*** (0.0060)
\$30-40K accum. capital * F&F		-0.1599*** (0.0064)
\$40-50K accum. capital * F&F		-0.2397*** (0.0070)
\$10-20k accum. capital * Distant	0.0357*** (0.0046)	0.0147*** (0.0046)
\$20-30k accum. capital * Distant	0.0568*** (0.0050)	0.0092* (0.0053)
\$30-40k accum. capital * Distant	0.0677*** (0.0057)	0.0045 (0.0063)
\$40-50k accum. capital * Distant	0.1024*** (0.0066)	-0.0038 (0.0074)
Investor proximate to Live Show	0.0090 (0.0056)	0.0099* (0.0056)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0031*** (0.0003)
Observations	709,471	709,471
R-squared	0.013	0.019
Number of group	18,827	18,827

Dependent variable is any investment in columns (1)-(2) and sample is the \$50K sample. Distant and local are presented here in same regression (i.e. interaction term). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-41: Distant and local in same regression (Survey Sample).

VARIABLES	(1) Invest=1	(2) Invest=1
\$10-20K accum. capital	-0.0196*** (0.0054)	0.0039 (0.0053)
\$20-30K accum. capital	-0.0290*** (0.0061)	-0.0004 (0.0059)
\$30-40K accum. capital	-0.0178*** (0.0068)	0.0158** (0.0069)
\$40-50K accum. capital	-0.0049 (0.0080)	0.0346*** (0.0082)
\$10-20K accum. capital * F&F		-0.0754*** (0.0109)
\$20-30K accum. capital * F&F		-0.0869*** (0.0111)
\$30-40K accum. capital * F&F		-0.0954*** (0.0111)
\$40-50K accum. capital * F&F		-0.1253*** (0.0132)
\$10-20k accum. capital * Distant	0.0416*** (0.0054)	0.0191*** (0.0053)
\$20-30k accum. capital * Distant	0.0575*** (0.0058)	0.0304*** (0.0057)
\$30-40k accum. capital * Distant	0.0634*** (0.0063)	0.0315*** (0.0064)
\$40-50k accum. capital * Distant	0.1071*** (0.0076)	0.0700*** (0.0077)
Investor proximate to Live Show	0.0142** (0.0056)	0.0143** (0.0056)
Weeks on Sellaband	-0.0003** (0.0001)	-0.0003** (0.0001)
Observations	414,835	414,835
R-squared	0.016	0.017
Number of group	9,800	9,800

Dependent variable is any investment in columns (1)-(2) and sample is the survey sample. Distant and local are presented here in same regression (i.e. interaction term). All regressions include a full set of fixed effects for each artist-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A-42: Alternative specifications for F&F

VARIABLES	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)	
	First Invt	LOCAL	First Invt	DISTANT	First Invt Largest Invt No Other	LOCAL	First Invt Largest Invt No Other	DISTANT	First Invt At most 3 others	LOCAL	First Invt At most 3 others	DISTANT	First Invt Largest Invt	LOCAL	First Invt Largest Invt	DISTANT	Largest Invt No more than 3 others	LOCAL	Largest Invt No more than 3 others DISTANT	
\$10-20K accum. capital	0.0404*** (0.0069)		0.0244*** (0.0012)		0.0315*** (0.0069)		0.0231*** (0.0012)		0.0352*** (0.0069)		0.0239*** (0.0012)		0.0365*** (0.0068)		0.0239*** (0.0012)		0.0332*** (0.0069)		0.0238*** (0.0013)	
\$20-30K accum. capital	0.0387*** (0.0093)		0.0366*** (0.0017)		0.0243*** (0.0094)		0.0330*** (0.0017)		0.0339*** (0.0093)		0.0351*** (0.0017)		0.0316*** (0.0090)		0.0343*** (0.0017)		0.0291*** (0.0092)		0.0340*** (0.0017)	
\$30-40K accum. capital	0.0466*** (0.0114)		0.0576*** (0.0021)		0.0240*** (0.0108)		0.0518*** (0.0022)		0.0426*** (0.0114)		0.0550*** (0.0022)		0.0378*** (0.0109)		0.0536*** (0.0021)		0.0397*** (0.0111)		0.0534*** (0.0022)	
\$40-50K accum. capital	0.0844*** (0.0143)		0.1220*** (0.0029)		0.0513*** (0.0135)		0.1077*** (0.0028)		0.0706*** (0.0142)		0.1159*** (0.0029)		0.0727*** (0.0136)		0.1112*** (0.0029)		0.0671*** (0.0139)		0.1102*** (0.0029)	
\$10-20k accum. capital * F&F	-0.0864*** (0.0096)		-0.0782*** (0.0051)		-0.0950*** (0.0105)		-0.0900*** (0.0074)		-0.0887*** (0.0099)		-0.0841*** (0.0056)		-0.0839*** (0.0100)		-0.0871*** (0.0063)		-0.0875*** (0.0101)		-0.0718*** (0.0056)	
\$20-30k accum. capital * F&F	-0.1239*** (0.0106)		-0.1276*** (0.0057)		-0.1319*** (0.0113)		-0.1397*** (0.0080)		-0.1311*** (0.0108)		-0.1341*** (0.0062)		-0.1190*** (0.0109)		-0.1349*** (0.0071)		-0.1269*** (0.0110)		-0.1133*** (0.0063)	
\$30-40k accum. capital * F&F	-0.1419*** (0.0126)		-0.1576*** (0.0060)		-0.1426*** (0.0127)		-0.1706*** (0.0084)		-0.1534*** (0.0128)		-0.1635*** (0.0065)		-0.1359*** (0.0125)		-0.1656*** (0.0075)		-0.1527*** (0.0127)		-0.1423*** (0.0066)	
\$40-50k accum. capital * F&F	-0.1830*** (0.0152)		-0.2512*** (0.0066)		-0.1757*** (0.0152)		-0.2584*** (0.0089)		-0.1848*** (0.0156)		-0.2574*** (0.0071)		-0.1761*** (0.0150)		-0.2509*** (0.0079)		-0.1845*** (0.0156)		-0.2217*** (0.0073)	
Investor proximate to Live Show	0.0088 (0.0077)		-0.0064 (0.0158)		0.0094 (0.0077)		-0.0063 (0.0157)		0.0088 (0.0077)		-0.0066 (0.0158)		0.0097 (0.0077)		-0.0065 (0.0158)		0.0096 (0.0077)		-0.0065 (0.0158)	
Weeks on Sellaband	-0.0035*** (0.0011)		-0.0029*** (0.0003)		-0.0035*** (0.0010)		-0.0030*** (0.0003)		-0.0035*** (0.0011)		-0.0030*** (0.0003)		-0.0035*** (0.0011)		-0.0030*** (0.0003)		-0.0035*** (0.0011)		-0.0030*** (0.0003)	
Observations	78,897		630,574		78,897		630,574		78,897		630,574		78,897		630,574		78,897		630,574	
R-squared	0.048		0.021		0.048		0.018		0.049		0.020		0.048		0.018		0.049		0.017	
Number of group	1,572		17,255		1,572		17,255		1,572		17,255		1,572		17,255		1,572		17,255	

Dependent variable is any investment in columns (1)-(10) and sample is the \$50K sample. In columns (1)-(2), an investor is defined as F&F if she invested in that artist before investing in any other. In columns (3)-(4), an investor is defined as F&F if she invested in that artist before investing in any other, her investment in the focal artist is her largest investment and she invests in no other artists. In columns (5)-(6), an investor is defined as F&F if she invested in that artist before investing in any other and she did not invest in more than three other artists. In columns (7)-(8), an investor is defined as F&F if she invested in that artist before investing in any other and her investment in the focal artist is her largest investment. In columns (9)-(10), an investor is defined as F&F if her investment in the focal artist is her largest investment and she did not invest in more than three other artists. All regressions include a full set of fixed effects for each entrepreneur-investor pair (differenced out) and each week as well as a control for live shows proximate to the investor. Robust standard errors clustered at the pair level in parentheses. *** p<0.01, ** p<0.05, * p<0.1